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Canada's

Weekly Newsmagazine

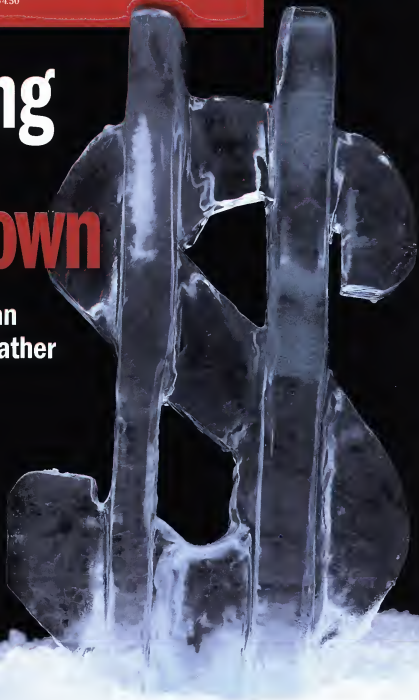
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VESTIGES OF EMPIRE
Anna Porter in Russia
MOVIES
Odd Casting Calls

Avoiding the Meltdown

How the Canadian
economy can weather
a U.S. slump

Beneath the
market gloom,
surprising
strength in
high tech



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From the

Managing Editor



We have a right to be furious

In the decades since the Second World War, two developments have fundamentally changed the way Canadians work—we don't work. The first has been the growth of regionalism, from western alienation to Quebec nationalism, to, with the Meech/Hamilton, Ontario chauvinism. Ordinary people have never felt more alienated from the centre than they do today. The second, related, development has been a dramatic shift of power at the centre itself—away from Parliament to the cabinet, the prime minister and the unelected bodies in the Prime Minister's Office.

The growth of outcome governments may have been an inevitable response to the gathering forces of regionalism; only a *stronger centre* could hold the nation together. But the change has contributed hugely to making MP irrelevant and leaving their constituents feeling deprived of any effective voice in the capital. They elect a government which, by and large, ignores them until the next election. The people have a right to be furious, and many are.

In a column concerning one of the unbalanced distributions of seats following the Nov. 27 election, I suggested



The Peace Tower, due for real reform

Ontario address the problem of regional alienation by introducing a modified form of proportional representation. Based on the 1979 recommendations of the Peppers-Roberts Task Force on Canadian Unity, it would award parties additional Conservative seats on the basis of their popular vote, province by province. A small step, modified PR would at least help people who, say, voted Alliance in the East or Liberal in the West to feel they have some connection with the central authority.

Another, even easier step, would be to start giving power at the centre back to

words Parliament and to much-neglected MP. In a study published last month by the Ottawa-based Institute for Research on Public Policy, Tim Dobell, founding director of the Parliamentary Centre, proposed a number of reforms to parliamentary practice. Admittedly modest, they would go some distance towards giving ordinary MPs a chance to actually write legislation, not just rubber-stamp it. The proposed reforms include the reform of joint (general discussion) papers and draft bills to parliamentary committees—to enable MPs to weigh in before the government contains itself to legislation. Another proposal is to strip the executive of its control over the appointment of committee chairmen (well, through them, over the work of the committee). Instead, each chairman would be elected by a double majority—that is, a majority of both government and opposition members on a committee.

There's more, and we'll return to the subject another week.

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Newsroom Notes

No recession fears

Just as Canadians were getting used to the notion that their economy is really growing, the scary talk began of the boomers falling out of the boom. In this week's cover stories, starting on page 30, *Maclean's* explores explain what is ailing for North American economies.

Washington Bureau Chief Andrew



Phillip (left), Beltrame, Gordon's good news—the boom is not falling out

Phillips examines the dramatic upturn seen last week of Alan Greenspan, the monetary (and now, at least) omnipotent chairman of the U.S. Federal Reserve Board. Ottawa Correspondent

John Beltrame interviewed some of Canada's leading high-tech executives and analysts and found them singularly upbeat, despite their stock prices. Ottawa Bureau Chief John Golden found the same thing in his reporting for the main cover story. "Nobody I talked to was willing to use the word 'recession,'" Golden says, "except to disparage those who do."

The stories were edited by Canada Editor Barbara Wikman, with cover design—a dollar sign as played in ice—by Acting Art Director Gailie Sabatini.

'The No. 1 concern'

The *Mail*'s poll showed that the No. 1 concern for most Canadians is a wide spectrum of social issues, including health care, education and poverty ("We are Canadians," *Cover*, Dec 23/Jan. 1). This seems in stark contrast to the platform we saw propped up by most of the national parties, which was heavily tilted towards tax cuts and debt reduction. One must wonder why was the parties so mysteriously focused on issues that resonates with, according to your poll, only about eight per cent of the population? The answer is contained within the demographics of the poll itself. As your article pointed out, the group was composed mostly of "mentally higher-income-earning males." It is not supposed to happen in a democracy, but in Canada, it is clear that he who pays the paper calls the tune.

Bary McFarland, Toronto, Ont.

It is not surprising to see Canadians more interested in increasing spending on health care than paying down our debt. I wonder how many of us would support that view if we were to look into the future 10 to 20 years. As baby boomers age, there will be an unprecedented demand for more spending on

health care. The health-care crisis of today pales in comparison to what it will be like in 20 years when the percentage of the population greater than age 65 will be 50 per cent larger than it is now. Governments should work to pay down a large portion of our debt over the next seven to eight years when financial times will be good to prepare us to deal with significant social issues in the future. If we don't, our income tax levels will increase significantly and we will have no choice but to introduce a formalized two-tier system of health care.

Rich Seabright, Burlington, Ont.

It is interesting to note that, despite the apparent concern about social issues revealed in your article survey, Canadians have become quite cynical about government's ability to affect issues like environmental protection and poverty. You suggest that Canadians are willing to wait for the real while the government addresses social problems, yet according to your poll, 52 per cent of Canadians feel that government is "understanding too many functions and individuals should be more responsible for their lives." Perhaps Canadians realize that while the minimum of federal job-creation programs may reflect their ideal, their implementation and effectiveness leave much to be desired.

Craig Smith, Lacombe, Ont.

Let's join Britain

As a political economist, in these 50 years, I heartily agree with Peter C. Newman's (likely erroneously) for Canada should the North American Free Trade Agreement be converted to a "Common Market" ("The end of Canada?" *Essay*, Jan. 6). Just as surely as Britain's culture and heritage is being reemerged by continental European union, so will Canada be reintegrated in a common market union of the Americas. My model of a future NAFTA is to change the name to North Atlantic Free Trade Agreement and invite Britain to join us. We have a common culture, language, system of law, business ethic and sciences that would create an economic dynamo. Later, we might ask other Commonwealth countries, such as Australia and New Zealand, to join the new NAFTA. That, our sovereignty and unique qualities would remain and be honored.

Hugh Douglas, Seattle, Ore.

I cannot help noticing that more than 50 per cent of your whole "Public poll" focus on the tax level of people with multiple income or household members. Yet your poll identifies that for fewer than 50 per cent of Canadians are involved in such lifestyles. Surely you are not manipulating your results so that you attract your readership by inflating their corner interest? If so, I am afraid you are promoting a lifestyle that are demonstrably fraught with emotional and physical pitfalls without discussing those dangers. To paraphrase former prime minister Pierre Trudeau, the pollster has no business in the bed-

I'm the boss, so the buck stops here.

And the more bucks the better.

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Boyd E. Brown, Horticulture, Orléans

The apparent preoccupation with sex continues at a high price ("Falling times"). With a pandemic of sexually transmitted diseases numbering more than two dozen, some of which are easily transmitted regardless of condom use, sexual intimacy carries a high price. Love and marriage should be the precursor to sexual intimacy. Sex was meant to be the physical expression of affection in a monogamous relationship, not an animal act of lust that society has embargoed in any physical transfer for innocent sexual encounters.

Edward Kennedy, Haverhill, Or.

A new system

Most comments from Western Canada indicate that the East votes Liberal and the West, Alliance, suggesting a split between the two ("Election results," *The Mail*, Dec. 18). This is not an in-depth analysis, for if you look

For more history

SALES, MARKETING, AND SERVICE

Our electoral system seems to distort voting patterns, emphasizing differences rather than the opposite. Under a proportional system, Ontario would elect only about 50 members for the Liberals with the other three parties receiving the rest of the seats. Then what would the 'Win say? What would have been the outcome of the election if we had a proportional system? It's sure like chaos.

Ann Clark, Toronto

Election perceptions

Thanks to Barbara Arad for such an insightful column ("Longing U.S. election myths," Dec. 29/Jan. 1). As an American, reading *Marxism* has been

the myth that all English-speaking people in North America are the same and have the same point of view. Anella's criticism does that for the recent U.S. presidential election in pointing out the inconsistencies of the "common wisdom" portrayed by the mainstream U.S. media. Her analysis is clearly thought out and to the point, unlike so many others who deal only at perceptions. This criticism truly was a no-holds-across

Steve Paulson, Pittsburgh

In always enjoy reading Barbara Amiel's columns, although I seldom there sometimes find myself looking in vain for a punchline. Perhaps she considers her writings with a hint as to whether she is sharing a lot of common humor with her readers. In "Linger U.S. election myths," she dismisses any concern over the barely 50-percent turnout for the U.S. presidential election. According to Amiel, Americans stayed away from the polls as droves because a) "women know that both political parties could reasonably govern America, so why worry?" and b) "a lot of Americans don't care much about governance because it simply interferes with their lives."

...and/or
anybody's very rights
when a minority appears to
will run those things.

don't bother." The Orwellian logic naturally leads to some other convenient conclusion: since *hukdo*, Larinas, the poor and marginalized in U.S. society have the lowest voter turnout, they must be the happiest of all. Ayni's tortured logic is a great example of a loyal communist's devotion to a system that serves her persecuted class.

McQuesten, John / *John@mcquesten.com*

Advertising copy?

Did Feth get a big fee for employer discount for the full-page ad he ran about his son's book ("Dr. Feth Jr., I presume," Allan Fotheringham, Dec. 25/Jan. 1), or was he actually paid for his expertise?

Karen K. Richardson, Ed., *Editorial Board* 185

Macleans's

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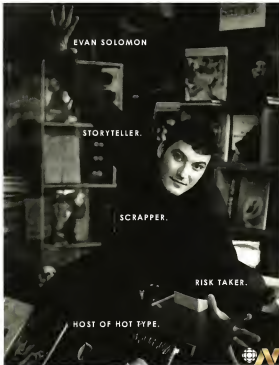
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(Continued on p. 10)

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Investment Risk Index



An evaluation of the needed wood and interaction with the water will require a further study at 2 m in 1974 or in 1975.

Overture

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Edited by Anthony Wilson-Smith
with Shanda Dineel

Over and Under Achievers

No hot shower in this hotel

Quebec: it grows cool!
Ralph Klein: back to school?
The maple: bulls rule! And
Stock Day: don't be crazy!

✦ **Hotels made of ice:** Smooth fit: Quebec City tourist attractions shows people will pay less money to stay in a cold, drafty, damp place. Of course, British entrepreneurs discovered that years ago.

✦ **Montreal:** Style-acing 'Wildpaper' mag calls it one of the top 40 cities in the world to live in. That's because all its old sick-in-the-rain now live in Toronto.

✦ **Stock Day:** If gambling about his leadership continues to prove, his final reckoning may be "Kingfisher."

✦ **Ralph Klein:** Alberta premers ends in two computer crashes. Now he can send e-mails to meek-and@tdbanker.ca.

✦ **Bank mergers:** Bay Street's mating to talk about 'em again. So far, Fleet Martin's choosing not to listen.

✦ **The stock market:** Despite signs of weakening economy, bankers still saying Jags Jay. There's a reason why they call it a *bull* market.



Yours for \$3 million

Would one wealthy hockey nut willing to shell out \$3 million for a very old stick. Pivotal enough, that, resident Gord Sharpe, owner of a nearly 150-year-old hockey stick, doesn't think he'll have much trouble selling it. "A baseball has sold for \$5 million," he says. "People spend a lot more money on things worth a lot less." The stick was authenticated in 1999 as the world's oldest by Phil Pinchard, the director of acquisitions

Sharpe and sticks a hockey-made piece of hockey history

for the Hockey Hall of Fame. Sharpe, 39, a keen hockey fan, has held on to the one-piece hockey for the past 30 years after it was handed to him when he was 9 by a great-uncle. As the story goes, a Glasgow-born ancestor cursed the stick in 1852, and it's been in the family ever since. While Sharpe says some authorities have valued the stick at up to \$7.5 million, he doesn't intend to keep the money from the sale. Instead, he says proceeds will be donated to charity for cancer research.

To listen, the process, Sharpe will give \$375,000 to the person who finds a buyer. For more information, visit www.worldsolderhockystick.com.

Derek Chisell



The Middle East shop: the hard and mayhem are available round the clock

Overbites

"He never lost very much. He just applied his mind and his legs to the market."

—A friend explains how the late **Renald Macdonald**, former Anglican bishop of Montreal, built a \$3-million fortune apparently through the stock market. He left the money to retired priests and a church run charity.

"It was more along the lines of a merger or assimilation than a hostile takeover."

—Staff Sgt. Ben Bell of Ontario's anti-bike gang police squad explains the way **Keith Apple** takes over other gangs.



Bikes outside a Winnipeg club

"Canada will be a full participant in the globalization process in 2015 and a leading player in the Americas after the United States, along with Mexico and Brazil... The vast and diverse country will remain stable amidst constant, dynamic change... Canada's status as the pre-eminent U.S. economic partner will be even more pronounced in 2015. National sensitivity to encouraging U.S. culture will remain, even as the two economies become more integrated."

—Excerpt from "Global Trends 2015," a report released last month by the U.S. National Intelligence Council, which is reports to the director of the CIA (for the full text, see www.csis.gov.)

See you in church? Not often.

Don't let the packed room Christmas church services fool you — attendance at church and other places of worship is still in free fall. At the end of the Second World War, two-thirds of Canadians went to a religious service every week. Now, just a third of adults go to churches, synagogues, mosques and temples at least once a month.

Percentage of each age group who attend religious services at least once a month, and how that rate has changed in 10 years

Age group	% attendance (1998)	Percentage change (1988-1998)
18-24	26	-24
25-34	24	-26
35-44	25	-24
45-54	34	-28
55-64	42	-17
65-74	55	-15
75+	66	-7

Source: Statistics Canada



PASSAGES

Awarded: Rosanna Joyal, 23, a member of Maclean's 100 outstanding young Canadians a year ago, is one of 11 Canadians chosen as Rhodes Scholars for 2001. Joyal, a Winnipeg native, is now studying at California's Stanford University. With her scholarship to Oxford, valued at about \$100,000, she will pursue a graduate degree in development studies. The winners come from across Canada: the awards, under terms of Cecil Rhodes's will, go to top scholars who show promise "to be outstanding good citizens, and to ensure the performance of public duties in [their] highest aim."



Back at work: Reporter Michel Auger, 55, returned to *Le Journal de Montreal* four months after he was shot five times by an unidentified gunman. The shooting came after

an article he wrote about biker gangs fighting for control of Quebec's drug trade. Auger said he came back because he still has "the need to dig for things and to write."

Attending: Keith Peiris, 12, of London, Ont., will be the youngest of about 350 business leaders, educators and government representatives to join Jean Chrétien and nine premier next month on the Tiara Canada 2001 tour to China. Peiris, a Grade 7 student, is president and CEO of Cyberbells Design, a firm that designs award-and-inaugural graphics Web sites and electronic commerce. Cost of the trip, \$95,000 per person, plus accommodations.

Died: Jose Greco, 82, was the world's greatest flamenco dancer. In a career that began in 1937 and ended in the 1960s, he appeared in many Hollywood movies and Broadway shows. Born in Italy to Spanish-Italian parents, he lived in Spain before his family settled in the United States when he was 10. Greco died at his home in Lancaster, Pa., of heart failure.



Diane Francis

Liberal bias against Israel

Canada's continuing support for fiercely worded pro-Palestinian resolutions at the United Nations is unacceptable and politically perplexing, given the traditional support the Liberals have given support to the Palestinian side of the equation. My speculation is that this is simply cynical Liberal politics. It is about getting votes in Quebec, anti-Americanism and left-wing populism.

There is absolutely no justification for taking sides in the Middle East conflict and more than enough justification, if forced to take sides, to side with Israel. So we can only guess why the Liberals have given support to the Palestinian side of the equation. My speculation is that this is simply cynical Liberal politics. It is about getting votes in Quebec, anti-Americanism and left-wing populism.

The only party leader during the last election to speak out against Ottawa's recent anti-Israeli, pro-Palestinian stance was Canadian Alliance Leader Stockwell Day. He condemned the UN resolutions, which numbered more than one dozen last year. And he was correct to do so—Israel is not the bad guy here. This country lives over halfway before the peace process was decided to make concessions to Arafat and his followers. But unfortunate deaths resulted in more violent conflicts in both sides overreacting, displaying trigger-happy youths.

Ironically, at the beginning of the election these anti-Israeli resolutions were blamed on former foreign affairs minister Lloyd Axworthy. This was because he was one of the most fervent members of the cabinet and everyone knows that the left worldwide dislikes Israel. Why? Because the left dislikes Israel's principal ally, the United States. So the friends of my enemy become my enemy, as they say in the Middle East.

Israel, as reality is the model state in the Middle East. It is the only truly democratic state in the only country in the Middle East with the rule of law. And it is one of a handful of nations in the area with high living standards, economic opportunities and economic growth. Israel's Palestinian minority includes some of the most successful and educated Palestinians in the world.

Israel deserves respect and consideration. It does not deserve to become the suspect for a bunch of old Cold War warriors or Canadian policy wonks and politicians who still dislike and envy the United States.

The UN anti-Israeli resolutions led to one of the most vile incidents during last year's Canadian election. Day's pro-Israel position, and the nomination by the Alliance of a Jewish candidate in her Toronto-area riding, threatened the re-

election of Immigration Minister Eliezer Caplan. Instead of trying to defend the indefensible position taken by Ottawa, the vicious and without proof slanders the Alliance supporters as "Holocaust-deniers, pro-terrorist bigot and racist." Her attack worked and Day was forced to defend himself against charges that never should have been made in the first place. This means instead of policy debate, he was pushed into the "when did you stop beating your wife" corner.

This amounted to the lowest point in the entire campaign. But Caplan came by her sensationalist methods honestly. As immigration minister, she has stooped to the same techniques whenever anyone criticizes the level, or quality, of immigration into this country. She has been a defender of the status quo and done nothing to address the many serious issues involving refugee and immigrant policy. Anyone who dares question those matters, it appears, risks being labelled a racist, bigot and perhaps even a Holocaust-denier. But now that the election is over, the Liberals should not be off the hook and should have to explain their growing dislike for Israel. Caplan did not address this issue. She merely changed the subject by damaging a competitor unfairly.

As an ardent supporter and fan of Israel, I would certainly like an explanation. So would others. I suspect that what's going on here has much to do with Montreal voters. A new voting bloc came then because for nearly a generation Quebec has been in charge of immigration, visa and passport. The lion has been in charge of foreign affairs, immigration and the rank has been that significant concentration of Arab francophones have sprung up in Montreal. This includes people from Lebanon, Morocco, Algeria and Tunisia. Needless to say, these people are not fans of Israel and must be doing headscratching over Ottawa's agreement to support, without question or debate, the enemies of Israel.

While Middle East issues are not foremost in the minds of most Canadians, the fact is that the Liberals and Ottawa foreign affairs "experts" are misrepresenting this country on the world stage. Canadians are not anti-Israel. They are also not anti-Palestinian. As well, it's insulting to think that our government has thrown support behind a bunch of nations run by a collection of dictators, feudal monarchs, terrorists and fanatic religious leaders who routinely trample human rights.

Instead, Canada should have been playing a role in trying to broker an agreement among all sides. But that is now impossible. That's because the Liberals have ignored this Jewish opponent, played cynical politics here and looked the other way of people who have no respect for the values and beliefs that Canadians hold dear.

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LIFE IN 'TENT CITY'

By John Nicol

As a contaminated property, 324 Cherry St. is a popular spot. The 5.3 hectares of scrubland, drenched in heavy metals from abandoned factories and squeezed between Toronto's harbour and its downtown highways, has long been a secluded refuge for squatters. Lately, though, because of what is called "Tent City"—a makeshift camp of drifters and the working homeless—the site has become a veritable thoroughfare for Good Samaritans. Some have arrived dropping off clothes, food and heating fuels. Chocolate-bearing evangelists show up hoping to lure the residents to church on Sunday. Add to this

a steady stream of apostles and local politicians trying to make hay from what Dr. Sheila Berman, Toronto's medical officer of health, calls "a very sad picture. In Canada's biggest city, the situation for the homeless is so desperate that they're doing everything they can to continue living on a contaminated land—because that's preferable to other options."

The land, long neglected, has suddenly taken on new significance. It is a prime piece in a grand scheme to sidestep Toronto's waterfront, and it could well be the carry-over for an Olympic village housing 16,000 athletes if Toronto is awarded the 2008 Summer Games. In October, with a federal election in the offing, Mayor Mel Lastman announced,

Quinn (left), Schanz, LePage, Brian Boyd, John Borkbauer: contaminated industrial land on Toronto's waterfront

Homeless squatters are seen as a hindrance to the Olympic bid

with Ontario Premier Mike Harris and Prime Minister Jean Chrétien, a joint plan to pump \$1.5 billion into Toronto's old harbour area to help secure the Olympic bid. The city is pulling out all the stops. All three levels of government are now onside. Toronto's business class is ready to jump into the massive redevelopment scheme. All that stands in the way is a motley collection of squatters, as many as 20 homeless people, many of them job-seekers from other parts of Canada.

These squatters had been occupying on Cherry Street since spring without anyone taking much notice. Then in November Ontario's environment ministry issued criticism warnings to the owner of the land, Home Depot Canada, to "take such action as necessary" to make sure the property is not a health hazard. The warning stirred suspicion. Activists for the homeless

worried about the site's disfigurement before a scheduled evaluation panel from the International Olympic Committee convenes in March. Suddenly, says Boris Gosselin, co-founder of the Toronto Disaster Relief Committee, there is panic that homeless people might be exposed to toxic waste. "There was not too much concern for their mental health or that they might freeze to death out here in tents," said Gosselin. "This is a tale of two cities—one is the tents and a city filled with speculation hoping Toronto is on waveform to Olympic land."

Toronto would not be alone in trying to hide its homeless from the IOC. Athens announced and housed more than 9,000 homeless people in the months leading up to the 1996 Games. Sydney, Australia, on a scale a monthhouse of temporary both in case the homeless problem resurfaced in attendance during last summer's Games. At Toronto's Tent City, the residents are betrayed by all the fuss. Those of them—lumping women in an insulated hut with a propane heater and a bottle of cheap brandy—thought themselves quite lucky. Outside, a wet -17° C, not including the wind chill blowing off Lake Ontario. They even enjoyed a fine view of the Toronto skyline through the hazy windows. But most important, they

still, they were not in the city's overcrowded shelters, where theft and sickness are too common, nor were they huddled over heating vents on city streets. "We were sleeping outside City Hall," said Christian Quinn, 22, of Montreal. He and a pal, Ryan Schanz, 19, of Liverpool, N.S., made their way into Tent City when a homeless man they knew was threatened to death in May.

Quinn and Schanz had come to Toronto in the spring looking for work. They found jobs in entry on a street set, but said their agents allocated with their pay. Their only break was the donation last month of a profit bar—two eight-by-12-foot rooms, each with its own toilet door—an emergency shelter built by a firm in Bend Head, Ont., for the Third World. They allowed them to upgrade from their previous "home" in a tent. The tent had no water or electricity, and their portable toilet a mess in the field. But for them it was home. To save the donated food, they made loaves of bread from scrub wood gathered in a wheelchair abandoned from a local hospital. Standing near the cooking fire, underneath the flight path of planes headed for the Toronto Island airport, Quinn's hat moose. Ryan LePage, from the Coast, says they first fire. They don't even mind being poster boys for the advocates of affordable housing.

It is a discouraging campaign. John Jago, Toronto's beleaguered director of hotel services, who has seen the city's temporary beds double to 5,000 in eight years, says the problem will only get worse. The city's apartment vacancy rate is 0.6 per cent; the cost of land and homes has skyrocketed the lifting of rent controls has made affordable rental units scarce. But the real problem, says Toronto councillor Jack Layton—author of a new book, *Homelessness: The Making and Unmaking of a Crisis*—is the lack of political will to build affordable housing. "We're the only city in the Olympic bidding process that has no national housing strategy," says Layton. Developing rents in Ontario, he argues, "has resulted in a wonderful farmland, while we lose 100 to 300 affordable units a week." The problem, housing advocates say, is nationwide.

But with no national solution in sight, Layton will ask Toronto's council to help the squatters move to a city-owned site as soon as possible. If they do move, it will mean tearing down the famous shanty on the site, a two-bedroom shelter scavenged from abandoned building products and belonging to Karl Schmidt, 50, a fruit farmer who likes the German flag to cap his roof. Schmidt's cozy home—heated by a woodstove—is complete with french doors, a skylight and a picture window overlooking the lake. The self-described mayor of Tent City is assigned to moving, but he believes his flag will be the only one from an Olympic country due will ever fly over its site. "If governments don't solve the problem like housing," he says, "how are they going to get the Olympics?" ■

Tragedy amidst the Rockies

Three cougar attacks—one fatal—in 12 hours have deeply shaken the residents of Banff

A mauled dog. A terrified early-morning walker. And the bloodied body of a pretty young woman on a well-used trail. It seemed a series of incidents usually reported in Third World countries where open sometimes run amok, terrifying villagers. Yet it all happened last week in Banff, Alta., the urban centre of Canada's Rocky Mountain Parks system. The victim a cougar—or perhaps two or more—whose rampage climaxed with the mauling and killing of human prey. The chilling events, all within 12 hours, shattered the town's usually bucolic ski season mood. "I guess the cougars are looking for food," said longtime resident Helen Odernick, after chasing off one that had attacked a neighbour's dog. "They don't go to bed when they're hungry and start a streak."

It was the killing of 30-year-old Frances Frost, a resident of nearby Canmore, Alta., that most horrified the townspeople. Around noon on Jan. 2, Frost, an outdoors enthusiast who worked part time at a coffeeshop, left her condominium to cross-country ski along the Cascade Ski Trail by Lake Minnewanka. About 90 minutes later, another skier came across her body. After viewing other skiers, he reported his discovery to park wardens, who answered to find the cougar back with its kill. They later shot the 60-kg, 2-litre-long cat. "The cougar leapt on her back, bit her neck, and I suspect the cat may not even know what he has," said park warden Ian Syme told a news conference. "This is typical for cougars."

Banff's day of the cougar began at 3 a.m., when one attacked John Peck's



Peck with his mauled dog. Shortly, a mauler cougar in a cage behind fence

eight-year-old Alaskan husky on the front balcony of his house on Sulphur Mountain, about four kilometres south-west of the town. Odernick, 90, a building contractor, owned the cougar but the frightened dog, Sarah, ran off. "She started up next morning at my workplace, about 1½ miles away," said Peck. "The vet worked on her all day—cat up, very sore with claw and puncture wounds. But she'll make it."

Cheryl Hyde had her own terrifying encounter with one of the big cats. At 6:45 a.m., she was taking her usual walk in the woods behind her house with her schizmo, Cheryl, when a cougar confronted them. Its partially consummated, snarling yowl, lay just 20 m away. Hyde's screams woke neighbours

Guy Doyle and his wife, Sue. "I thought it was a man attacking a woman," Doyle said. "I put on a homecoming, boom, ripped over a stool and ran outside. I even screamed, 'Get away from her.' Then I saw Cheryl backing

away from the cougar, looking at it. I opened my back gate. It's an iron high to keep out the elk. The cougar was just two or three feet away and it was low in the ground as if ready to spring. I grabbed Cheryl, slammed the gate."

A grateful Hyde, 37, an executive secretary for the town of Banff, asked how fortunate she was in her encounter with the cougar. "I thought he was looking for more," she said. "They are opportunistic animals." Doyle, 48, a longtime Banff carpenter, added that the news a few hours later of Frost's death "put a whole new twist on my morning experience." He said people in Banff, used to taking solitary walks and not worrying about bears and cougars, have been shaken by the incidents. "Cougars are shy and nocturnal," he added. "But three times in a day. These are some times."

Wildlife, meanwhile, continued to search for two or three other cougars reported in the area. They also planned to mass baiting of elk, a major food source for many large carnivores, further from the town.

Chief warden Syme, noting that wolves have also been sighted in the area, said competition for a limited food supply may have forced the cougars to abandon their natural fear of people. Still, he added, "we consider a daytime cougar attack extremely unusual." Frost's death, in fact, is the first fatal cougar attack recorded in Banff—and Alberta Wildlife officials estimate there are about 800 cougars in the province, mainly on the eastern slopes of the Rockies from Idaho, Alta., south to the U.S. border. Banff warden can only hope that three cougar attacks in 12 hours was a tragic coincidence—and not the start of a disturbing trend.

John Howse in Calgary

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Canada's first ice hotel is attracting visitors who really want to experience winter

It's cold—inside

Many winter-weary Canadians might not want to spend the night in an overiced igloo, let alone pay to do so. But foreign tourists are apparently willing to sleep down \$150 a night to stay in the Ice Hotel, a new Quebec City-area lodging built on the Nordic experience and short on creature comforts. With the exception of heated indoor bathrooms with chemical toilets, everything in the structure is sculpted from snow or ice, including even the furniture and bar glasses. The hotel, which opened on Jan. 1, sleeps 22 in six guest rooms and is already 80 percent booked until its scheduled closing on March 31. The clientele comes mainly from the United States, says spokesman Francis Lévesque, while others hail from Europe and Japan. "Most of the time, it's people who have never seen winter," says Lévesque. "They go back and say 'I sleep in the Ice Hotel and I loved it.'"

Guests usually book a one-night stay before heading to the warmer climates

of other nearby hotels. During their brief sojourn in the icy lodge, they receive tips on how to snow off the cold and sleep in ultra-warm sleeping bags. "If it's minus 30 outside, inside it's about minus three," says Lévesque. They can also get prosthetics in the screening room in the evening weeks, the hotel plans to show a film on the making of the forthcoming IMAX movie *Great North*, which was shot in Northern Quebec and Sweden.

Based on their model as the world's first ice hotel in Sweden, the Quebec builders took five weeks and used 4,500 tonnes of snow and 250 tonnes of ice to build the 11,600-square-foot lodge. They plan to erect one next year to accommodate 95 people. Judging from the delighted reaction of guests so far, next winter's visitors should be packed. "Everyone joined that 'I wouldn't do it again tomorrow morning,'" says Lévesque. "But I'd be ready to come back."

Brenda Brannwell as Montreal



Workers putting on last-minute touches: a typical February (below), CEO Jacques Desbois (top), hauled



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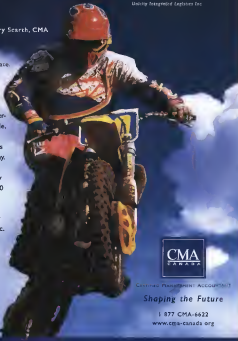
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Abortion battle

Just weeks after condemning their opponents for mixing divisive issues such as abortion during the election, the Liberal government is wading into its own abortion fight. Health Minister Allan Rock has told New Brunswick that Ottawa will withhold medicare funding if the province continues its refusal to pay for abortions in private clinics. Like the one opened by Dr. Henry Morgentaler in Fredericton in June, 1999, Manitoba is the only other province that does not pay for abortions in private clinics. But it has pledged to change its policy.

But who would want her?

Convicted sex killer Karla Homolka has apparently decided not to seek parole this year in the hope that if she serves her full 12-year sentence she will be able to leave Canada and start a new life elsewhere. Homolka's Montreal lawyer Marc Labelle said she will not challenge a Corrections Canada recommendation that she be kept in jail until 2005 because the loss for her life if she were paroled in Canada (transmission towers say with her record and necessary there are five countries that would allow her in, even as a victim).

Stockwell Day's bad week

Judging by the talk shows, opposition to the out-of-court settlement of a defamation suit against former provincial treasurer and now Canadian Alliance Leader Stockwell Day continues to grow in Alberta. Partly paid for by a provincial fund, the settlement with Red Deer lawyer Lorne Goddard is covered by a confidentiality agreement so far the province has refused to say how much public money is involved in settling the suit. Filed after Day wrote a letter to a local newspaper criticizing the lawyer's defence of a convicted polygrapher.

Potato war: Part 2

After a brief ceasefire, the spat warren is back in the trenches. The United States has banned all Prince Edward Island potatoes because of a feared fungus. Edmonston potatoes are reportedly being launched like grenades from the highest levels in Ottawa.

Canada Notes



St. John's, Nfld., gunsmith Mike Bartlett replaces bolt on a registered rifle. *Imaging*

New gun law off to a shaky start

Despite a last-minute rush by gun owners to meet the federal government's Jan. 1 deadline, hundreds of thousands of firearm owners now possess their weapons legally. Officials at the Canadian Firearms Centre have not completed a final tally but peg the number of those who have applied for a firearms licence at more than 1.8 million—considerably less than the total number of gun owners in Canada, which the Justice Department estimates at 2.2 million.

Gun owners who did not apply for a licence will be unable to purchase ammunition. They also risk having

their firearms temporarily confiscated and may even face a six-month jail term. But authorities say that, due to the massive backlog of applications, such penalties will not be put into effect until later this year, and they will only investigate violations in connection with ordinary police operations. Police in Hamilton, in fact, laid the first charges under the new law last week after ending the house of an accused drug dealer and confiscating seven guns. Under the 1995 Firearms Act, also known as Bill C-68, gun owners will be required to register all the individual guns they own by 2003.

A last fatal trip

A **strawman** who tried to sneak across the Canada-U.S. border on the undercarriage of a Buffalo-based Greyhound bus died after he became entangled in the vehicle's driveline. The driver found the mangled body of Andrew Macaroni's Mustang, 36, during a routine customs inspection on the U.S. side of the Peace Bridge. Police said Mustang, who had a valid U.S. visa, entered Canada on Jan. 2 to meet some relatives flying to

Toronto's Pearson International Airport from Zimbabwe. But U.S. officials revealed his visa when they caught him trying to cross the border from Windsor, Ont., to Detroit with the Zimbabwean hiding under a blanket in the backseat of his car (Visitors from Zimbabwe do not need a visa to enter Canada, but they require one to get into the United States). Police say it appears Mustang then drove to Nipigon Falls, Ont., where he slipped under the bus. They later found his car parked in front of the bus terminal.

AVOIDING THE MELTDOWN

By John Godeles in Ottawa

For one nerve-rattling day, it looked as though the Canadian economy was about to be put to its toughest test since struggling back from the 1990-1994 recession. On Jan. 2, stock traders booted up their computers for 2001's first trading session to be confronted with news that a key barometer of U.S. manufacturing, the National Association of Purchasing Management's main index, had dropped to an alarmingly low level. Investors already unnerved by bad ratings that piled up late last year—from layoffs in the auto industry to a spate of profit warnings in the once-rising high-technology sector—were in no mood to face down adversity. They said: The rich-laden Nasdaq stock market was hammered, and so was the Toronto Stock Exchange.

Many Canadian economists, who for months have been forecasting that Canada's economy would surpass U.S. growth in 2001, spent the day pleading for calm. They told anyone who would listen that even if the market carnage made it look like the inevitable cooling of the overheated U.S. economy was coming out to be more dramatic than expected, the Canadian economy still had its own strengths to fall back on. Times are coming down. Productivity is going up. It seemed Canadians were about to find out if the country's hard-earned new economic virtues—government austerities, turned inflation and companies converted to the gospel of globalization—would pay off in the face of a real U.S. slump. But, then, the clouds to the south lifted. Or, rather, they were parted by Alan Greenspan, the U.S. Federal Reserve Board's resident deity, who borrowed a napkin just 3/4 of one-half per cent in interest rates. Thankful markets dutifully melted, but then tumbled again two days later.

The uneven response to the Fed chairman's intervention left some fearing a hard landing is in store for the U.S. economy. But the stakes for Canada aren't in the so-called soft-landing

Canada may be able to resist being sucked into a U.S. slump by relying on its own real strengths



specter are huge. Most forecasts suggest the only way Canada's economy can avoid meltdowns and meet expectations this year is by drawing on internal resources—no longer relying on being pulled along in the powerful dipper of the United States. "The slowing U.S. economy is going to affect us negatively in Canada, there's no getting away from that," says Bank of Montreal chief economist Tim O'Neill. "But the fact is that we've got some domestic momentum—employment growth, real income growth and business investment spending that has tended to be somewhat stronger than in the U.S."

What happened to the doctrine that borders wouldn't matter much anymore in the North American economy of the first-half end of the 1990s, the U.S. economy surged into the world-leading expansion that carried on majestically through President Bill Clinton's two terms in office. Canada's recovery was, at first, anemic. Canadian government debt and deficit were thus much worse. Inflation fears, a weak Canadian dollar and possible scares over Quebec's future kept interest rates higher than in the United States. But sustained federal and provincial assaults on deficits and an astonishing Bank of Canada anti-inflation stance, along with booming trade in the United States, finally began to translate into climbing disposable incomes—the bottom line of prosperity—about three years ago. "It was really run until 1997 that we started to track close to where the U.S. was," says O'Neill. "That's unusual. Historically, the Canadian and U.S. economies tended to track closer together."

Having arrived late at North America's economic party, Canadians are hardly ready for the host to end. "In the U.S., housing sales peaked early last year," notes David Rosenberg, chief Canadian economist and manager for international investment house Merrill Lynch. "In Canada, the housing cycle has only just begun in the past 12 months." The same lag factor applies to cars. Americans have replaced their old vehicles in record numbers in recent years, but in Canada about 45 per cent of the car and truck in the road are at least nine years old. So while new car sales are expected to fall in the United States this year, a recent Bank of Nova Scotia report projects vehicle sales in Canada will edge up to 1.56 million from the record 1.55 million sold in 2000.

Sell, with 85 per cent of the car and truck built in Canada exported to the United States,

The Economy



sustained domestic demand does little to offset the external trade slide. Last week, General Motors Corp. shifted the already crawling auto industry into an even slower gear by announcing it will idle 11 North American plants with more than 32,000 employees, including one in St. Thomas, Que. The move followed cuts to overtime and worker layoffs by Ford Motor Co. and DaimlerChrysler AG in Canada, as well as in the United States.

A slump in the auto sector, though, no longer defines the body blow to the Canadian economy it once did. "Can sack everything anyone," says Stephen Polak, chief economist at the Federal Export Development Corp.,

then the region, and Canadian exports to them, have bounced back to former levels—and then some.

The bazaar in overseas markets helps, but it is the buoyant domestic scene that's giving the most cause for hope. One big reason is that 2001 is the year Canadian shoppers will finally turn over substantially less of what they earn to governments. "Tax cuts are coming at an almost ideal time in the economy is slowing, and they will bolster consumer spending," says Josh Mendelsohn, chief economist at the Canadian Imperial Bank of Commerce. As of Jan. 1, federal income tax rates dropped across the board, to 16 per cent from 17 per cent for incomes below \$30,734; to 22 per cent from 26 per

cent for incomes from \$30,734 to \$61,509; and to 26 from 29 per cent for income from \$61,509 to \$100,000. And even though the basic rate for those earning air-freight salaries and higher remains the same (29 per cent), those well-off taxpayers benefit from the removal of a five-per-cent surtax on income over \$85,000. More provinces are also cutting their tax rates. The Canadian Tax Foundation estimates that a two-income family with children in Ontario making \$100,000

THEN AND NOW

A comparison of today's economy with the situation just before the last recession started in the second quarter of 1990. (A negative score means there are two or more consecutive quarters of negative economic growth.)

	2000	2000
• GDP GROWTH (FROM PREVIOUS YEAR)	3.2%	3%
• DOMESTIC BUDGET SURPLUS (+)/DEFICIT (-) (in billions)	-\$26.2	+\$43.2
• UNEMPLOYMENT RATE	8.2%	6.8%
• INFLATION RATE	5.3%	5.2%
• PRIME LENDING RATE	5.425%	7.5%
• STOCK MARKET PARTICIPATION BY GENDER	23%	46%

the Toronto Stock Exchange hammered markets rolled, then tumbled again

will see a good Friday and good news on bill fall by \$2.126 this year and a similar Alberta fund will save \$2.448.

The rising tax burden comes as more Canadians were finally seeing their incomes grow after the discouraging wage stagnation in living standards during the first half of the 1990s. After 1996, disposable income has grown almost eight per cent, and hourly wages rose 6.5 per cent over the same period. And there are signs better days are coming not only to the bottom-of-the-National Council of 98 before reported last last month that the number of Canadians living below Statistics Canada's low-income cutoff, widely viewed as a poverty line, dropped in 1998 to the lowest level in six years, to 16.4 per cent from 17.8 per cent in 1997. It's not just that working Canadians are earning more, it's that more Canadians are working. Unemployment sank to an estimated 6.8 per cent in 2000 from 9.5 per cent five years earlier.

But could the good times keep rolling in 2001? None of the most influential forecasters are anticipating a full-blown recession, defined as two consecutive quarters in which the economy shrinks. A sharp slowdown from last year's pace of growth, though, appears inevitable. In pockets of the economy, notably the housing and auto industry, it will be painful. So, CIBC's Mendelsohn, in a forecast released last week, expects a possible 3.3 per cent growth in gross domestic product this year, down from a muscular five per cent he estimates for 2000. In the same CIBC forecast, corporate profits are pegged to rise by more per cent this year after losing 23.3 per cent in 2000. And as companies see profit increasing by less than last year, they are expected to curb spending on machinery and equipment—a key to both driving current economic activity and creating the conditions for future competitiveness—to 8.4 per cent this year after jumping it up by 21.3 per cent in 2000.

Yet economists view the pace of business investment in machinery and equipment as a positive part of the Canadian outlook, especially spending on new information technology. "One of the big things the U.S. saw investment in IT," says Bank of Montreal's CTSN. "But for the past 18 months or so, investment in this area has been moving substantially faster in Canada than in the U.S." The jump in business spending on computers and telecommunications gear is a theme that Finance Minister Paul Martin has hit in his pre-election fire-storm-busting, emphasizing that Canadian companies' rapid machinery and equipment spending has been driven largely by purchases of information and communications technology.

This trend is at the core of the Liberal government's hope that Canada is no longer a poor second cousin when it comes to the New Economy. Martin plans to take his message of a more wired, e-economy, productivity-driven Canadian economy to New York City later this month, to deliver a speech aimed at catching the attention of American investors. He will also meet with business leaders, including executives of the New York Stock Exchange, to tout Canada as a two-of-one-overlooked domestic investment in the United States.

By the time Martin hits Manhattan, the fallout from

Corporation's bold rate cut should be clear. The key question at Canada should be the Bank of Canada follow suit? Many economists expect the bank will cut Canadian rates somewhere in the first half of this year but not in looking with the Fed. After all, the growing Canadian economy may not need the added fuel of lower borrowing costs in 2001 or as much. "Essentially, domestic demand in this country, most economic indicators, is going to be strong enough to take it through the needed slow-down in the United States," said Martin at his last public presentation on the state of the economy back on Dec. 19. That suggests a shift in the economy's momentum without an added push from cutting monetary policy.

And the decision at the Bank of Canada is complicated by change at the top. Martin's old partner at deficit fighting, Finance deputy minister of Finance David Dodge, 57, takes over as the central bank's governor from retiring Gordon



Thiessen, Dodge, Martin and Harold Mackay, head of the search committee for the bank's new governor, deliberate

building the line on Canadian rates should help attract the foreign investment some economists have long looked for to bolster the Canadian dollar. "What a glorious opportunity," says Rosenberg. "For the Bank of Canada to see our currency finally begin to move towards an air value of about 70 cents (U.S.) without having to do a thing."

Changing the gap with the mighty U.S. dollar, catching up to U.S. productivity and, ultimately, changing terrible American levels of personal income inequality are the coming challenges in a chance for Canada to make up lost ground in all those areas this year—after projects come to pass. But there are other no-nonsense doubts Canadians may not be so eager to narrow. According to a recent Organization for Economic Co-operation and Development report, equities made up an average 18.6 per cent of the wealth of Canadian households in 1997, compared with 27.3 per cent in the United States. Back when stock indexes were soaring over higher, that looked like another example of what Canada left behind. Those days, in fact, were another sign of low

corporate profits ahead, it's a piece of the national economic personality Canadians may be coming to perceive.

GREENSPAN TO THE RESCUE

The U.S. Federal Reserve unexpectedly slashes interest rates amid fears of recession

By Andrew Phillips in Washington

The trouble with being an icon is you have nowhere to go but down. Alan Greenspan, legendary master of the market, engineer of seemingly endless economic expansion, was looking like a genius—until all of a sudden he wasn't. The U.S. economy, after rising steadily for more than nine years, was abruptly showing signs of veering into the ditch. Tech stocks plunging, consumer confidence sagging, layoffs spreading—all just in time for Christmas. From investors, analysts and politicians, the cry went up: do something!

Last week, Greenspan and his fellow governors of the U.S. Federal Reserve Board did something—and did it in spectacular fashion. In a major announcement, they cut their key interest rate, the federal funds rate, by half a percentage point to six per cent. And they compounded the effect by adding the element of surprise, saying between their regularly scheduled meetings and rather than anyone had expected. The move sent stock prices soaring—before falling back towards the end of the week—but also brought a chorus of I-told-you-soes from a growing number of critics who blamed Greenspan for not cutting rates sooner after falling seven or eight times in 1999 and 2000 to cool off the red-hot economy. "The Fed is finally waking up," says Kevin Hassett, a former economist at the Federal Reserve and now a scholar at the American Enterprise Institute, a conservative Washington think-tank. "They recognize that they screwed up and they're trying to fix it."



Fed assembly plant in Atlanta, Bush (left) with Greenspan following a confidential meeting: "The Fed is finally waking up. They recognize that they screwed up and they're trying to fix it."

Screw-up or not, the Fed's decision to act so dramatically underscored the sudden weakening in an economy that has seemed charmed for almost a decade. The last few weeks of 2000 brought a cold shower of bad news. Gains of the New Economy, like Microsoft Corp and Intel Corp, waned; they would miss their targets for quarterly earnings—and saw their stock prices clattered. Stalwarts of the so-called Old Economy, like the Big Three automakers, saw sales plummet and announced sweeping layoffs. And economic growth slowed from 5.4 per cent in the second quarter of 2000 to just 2.2 per cent in the July-to-September

period—the economic equivalent of slamming the brakes on a speeding car.

Most worrisome to many economists, shoppers turned snuggly at the worst possible time—just as the holiday selling season should have hit its stride. Consumer confidence fell sharply and Christmas sales were up a scant three per cent, compared with 6.2 per cent the year before. By year-end, the gloom was palpable. U.S. stock markets ended the year with the worst returns in two decades—the tech-heavy Nasdaq down 39.5 per cent, as bigger drop even. With a second 49 per cent of American households owning stocks, either directly or through mutual funds and retirement accounts, the result was predictable. People felt poorer—and spent less.

Even with all that, only a few forecasters predict an actual recession—two quarters of negative economic growth—in 2001. In a year-end survey of 54 prominent economists compiled by *The Wall Street Journal*, just two saw a recession. Most maintained that the economy will slow in the first half of the year, then recover to just below three-per-cent growth by the end—the bleeding pace of recent years, but hardly a disaster. Ken Mathy, senior economist at Macroeconomic Advisers, a leading forecasting

company in St. Louis, sees growth at three per cent this year. "There's more of a sense of fragility," he says. "But activity based on the fundamentals, the economy is in good shape."

Greenspan, a chairman of the Fed for the past 14 years, inevitably must make a political calculation as well as an economic one. Advances to George W. Bush, who takes over as president on Jan. 20, had been warning for weeks that the economy was slowing, that even a recession might be on the way. The Fed's decision to cut rates validated those concerns—an aid to delicately worded warning that the main risk is not an economic weakness in the foreseeable future.

Bush, who by coincidence was holding an economic summit with friendly business leaders (many of them big contributors to his campaign) in Austin, Tex., when the Fed made its announcement, took it much further. He said the cut was needed "to make sure that our economy does not go into a tailspin"—even though almost no one has predicted anything like an economic "tailspin."

More important, Bush argued that the Fed's move shows that his warnings about a weakening economy were justified, and more help is needed in the form of lower taxes.

He proposes using much of the projected federal surplus to reduce taxes across the board by \$1.5 trillion over 10 years. With Democrats insisting on a more modest cut (closer to \$500 billion) targeted at middle- and lower-income workers, that is likely to spark a major fight in Washington soon after he moves into the White House. "The tax relief plan I've put forward," said Bush, "is an integral part of economic recovery."

The dilemma for Bush is that his opponents will argue just the opposite—that Greenspan has demonstrated clearly that he is on top of the situation and a big tax cut is not needed to get the economy moving. More to the point, economists agree that interest rate cuts work much slower than tax cuts, which would likely take months to implement—by which time the economy could well be growing briskly again. And Greenspan has made it clear in the past that he prefers to see governments supplant us to pay down debt rather than to cut taxes—setting up a possible conflict between him and the incoming Bush administration.

That, of course, would just be a repeat of history. Bush's father famously blamed Greenspan for suspending his chances of reelection in 1992 by refusing to cut interest rates then and prolonging the hangover from the 1990-1991 recession. "I disappointed him—and he disappointed me," Bush Sr. said of the Fed chairman. The younger Bush has been widely quoted as blaming Greenspan in private for keeping rates too high too long, and warning the economy just as he is about to take office. "He looked my father on the way out, and he's looking me on the way in," Bush has supposedly said—though his advisers deny any such comment.

In fact, Bush has gone out of his way publicly to embrace Greenspan, both figuratively and literally. Greenspan was the first person he met when he came to Washington for the first time last month after being declared president-elect. After the get-acquainted session, Bush personally drove his car around the shoulder of the beleaguered Fed chairman and praised him as "a good man"—in his language the highest accolade possible. The reality is that Bush has little influence over but to go along with Greenspan, whose current term in Fed chairman runs until 2004. His doves to act this time may have bought out the critics. But after 14 years of plowing the U.S. economy, his influence is as great as ever. ■

THE HIGH-TECH SURPRISE

By Julian Bellemare in Ottawa

Adam Chowne is not panicking—and not because he doesn't understand the situation. The CEO of the small Ottawa tech firm, Tandem Communications Corp., is in the middle of the kind of year that made his senior blockbuster business story of the last decade. The company announced that in the quarter ending in October, Tandem made up in last quarter in its five-year existence, topping all expectations with revenues of \$16.1 million, 68 per cent higher than the corresponding period the previous year. Tandem is receiving letters from tech analysts for its solid performance, professional management and sound business model, and, by all accounts, is future stock-solid. Yet the company's share value has nose-dived from a high of \$78 early last year to the low \$40s. The day it announced its record earnings, Tandem shares actually slipped a notch on the Toronto Stock Exchange. "I'm just happy we haven't dropped too much," says Chowne, with a shrug. "We're doing better than most."

Remarkably better, actually. Consider Nextel Networks Corp., Canada's richest company last year, whose share at \$124.50 a share on the Toronto Stock Exchange in July, then hit the doldrums in October despite posting impressive earnings. Coel Corp., Ottawa's once high-flying software maker that used to maintain sections of taking on Microsoft, imploded after topping out at \$64.65 a share in December, 1999. Barely a year later, it is hovering in the \$3 range and

for the people paid to watch and profit from these wild fluctuations, emotional endurance has gone way to bootstrapped gloom. "We've gotten to the point that it doesn't matter what a company does, people hate it," grouches Duane Stewart, a fund manager with Terra Capital Corp. in Toronto. "It's a good news, like Nortel reporting 40-per-cent growth, people are mad because it wasn't good enough, and if it's bad news, they take you out and shoot you." Still, it's hard to believe the good news is anything but just perceived. "How did we go from the homes of instant to the oldest in 12 months?" asks Lynne Leonard, vice-president of communications for the Information Technology Association of Canada, the voice of the high-tech sector. The simple answer, she says, is that IT isn't dead, it just looks that way on the stock market.

What may have died, never to be revived, are the overnight sensations in the dot-com sector, any longer any. Over the past few years, hundreds of entrepreneurs, often purple-haired white kids, began operations offering to sell goods and services already available through other sources. Their key innovation: do it on the Internet. By the buzz about the ability of the new technology to transform the way people lived was so strong that companies with minuscule or no earnings were commanding valuations in the billions. There were naysayers, who warned that such quick returns at profits still awaited. But why listen when man-up like Freddie.com Inc., a U.S. dot-com that auctioned discounted airline tickets over the Internet, achieved in a cyber-flash a higher valuation than every U.S. airline put together? A new paradigm was at work, said Prudence founder Jay Wilkes, who boasted about "re-engineering the DNA of the future of business." Just as suddenly, as stock has plummeted from over \$100 to about \$1.

In retrospect, the surprise is that so many investors be so hard on such a short period. The business model made no sense, says Henry Julien, co-CEO of Discovery Capital Corp., a venture capital firm in Vancouver. If it was easy for someone to begin selling books, says, Internet plots, gift bookings, or whatever on the Internet, it was just as easy for competitors to get into the game and cut into the profit margins. Moreover, he adds, it was a simple matter for existing readers to tack on an Internet facsimile to their established business. "Gaea who's best at getting a head of letters from the former's field to customers, a new start-up on the existing guys who have been doing it for 50 years?" Julien asks. He doesn't wait for a reply. "Those dot-com guys, if they're not dead, their lights will be turned off this year."

Nobody is suggesting the light are being turned off on the IT sector as a whole. Despite drastically reduced share values, Canada's tech sector—which was not as exposed by the dot-com meltdown because there are fewer of them here than in the United States—is still growing. In fact, Industry Canada says the information and communications technologies sector remains among Canada's top performers. In 1999, the sector contributed 20.4 per-cent growth to the gross domestic



Tandem's Chowne in Ottawa: "What's happening in growth rates are slowing, but they're not going to zero."

product, compared with 4.3 per-cent GDP growth overall. In terms of jobs, about 512,000 Canadians are now employed in high tech, mostly in Toronto, Ottawa's Silicon Valley North, Montreal and Vancouver. That's about 100,000 more than the previous year. "People haven't stopped hiring because of what's happened on the stock market," says headhunter Terry Scullion, group manager for Quantum Management Services in Ottawa.

Still, the shakeout won't leave Canada's high-tech sector totally unscathed. Justin Beaton 2000 will be a difficult year for start-ups with bright but untested ideas. "There are 7,000 early-stage companies just in the Vancouver area, and all they need is a million or two to develop," he says. "Some of them won't be able to find it." Chowne, who last year may have demanded \$50-million valuations for their start-ups, have scaled down their expectations. That's a good thing, Julien adds. "We couldn't believe the valuations these entrepreneurs wanted for their businesses, so last year we sat on our hands," he says. "Now that sanity has returned, we've made a string of investments and we see this continuing."

Canada's big IT players also see no end to the growth cycle. The economy may be slowing, but Nortel head John Roth has forecast a year of solid growth. JDS Uniphase Corp., an Ottawa firm that makes fibre-optic components, plans to add 3,000 to its workforce this year. "The real component out there—the Nortel, JDS or JDS, who make stuff that even if it doesn't go to zero it doesn't really matter—are actually doing quite well, even if their stocks aren't," says Stewart.

Looking out the window from his second-floor office at Tandem headquarters, Chowne can see a string of high-tech plants along March Road. Directly opposite is Alcatel, the French network builder that last year swallowed Ottawa's Newbridge Networks. Further along a cellphone maker Nokia Corp., Mail Corp., Cisco Systems Inc., Sierra Canada Ltd., and a clutch of amateur players that have created a sprawling cyber city from virtually nothing in Ottawa's west end. Those structures are not mirages, he says. Last year, high-tech companies, with an estimated 70,000 employees, surpassed the federal government as the largest employer in the nation's capital region. "In a few years, that street is going to be clogged with traffic," Chowne says of March Road. "What's happening in growth rates are slowing, but they're not going to zero." Of Tandem, he admits he'd like to see the value back in the \$70 range, but the company still has a valuation of \$700 million. That's a wonderful track for a five-year start-up—something that might apply to the entire IT sector in Canada. ■

The technology sector is far healthier than its stock prices would suggest

Fighting for its life, Toronto's typed new start-up, 724 Solutions Inc., shot up to \$345 within weeks of its initial public offering, only to be brought back to earth to under \$30 by year's end. And there are the good companies, firms with earnings. In the dot-com sector, the question is not how far have they fallen but whether they will recover. Overall, the tech-based Nasdaq Stock Market in the United States suffered the worst year in its 29-year history, falling 51 per cent from its March high. Talk about *boom to bust* in the high-flying information technology sector.



The Economy Peter C. Newman

No need to panic, please

Milton Friedman, the fabled University of Chicago economist, once pointed out that there are no business cycles, only up and down.

The year-to-year performance of the stock market indicates nothing more serious than this: the fixed-cycle investment business whose popular Bay and Wall Street took leave of their senses over the past couple of years, pushing share values into the sky. Every once in a while, investors realize what they've done and thus dominates a massive sell-off. Despite last week's partial recovery, the stock dips over the past eight months will add up to a crash of no mean proportions.

But it's no reason for panic. The markets and the economy, which once appeared as tandem, now have little connection, and Canada's business outlook remains relatively serene. The fact that the dot-com bubble is either inflating or bursting proves there never was a New Economy, just companies trying to survive in a world grown so competitive that even Darwin jungle rules seem to come by comparison. The high-tech market spin, highlighted by five years of annual 50-per-cent or more gains on the Nasdaq composite index, cannot and will not last forever.

The late Andy Sachs, one of Bay Street's shrewdest traders, once told me that while many investors compare stock markets with gambling casinos, the analogy isn't valid. "Casinos," he pointed out, "have rules." Then he added an interesting afterthought: "Actually, there is one stock market rule that never fails. If you hold a caban Bay Street and the driver starts giving you market tips, turn around, drive back to your office and sell everything you own."

Over the past few months, ordinarily rational traders have become convinced that a new age has dawned that will negate the forces of gravity. Stock values will rise forever, grow their returns, with shares eventually trading at 50 or 100 times projected earnings. Meanwhile, the market drinks wildly up or plunges wildly down, but neither move has much to do with fundamentals. It no longer seems to matter if companies actually make money, as long as there is the hint of future returns. A new breed of do-it-yourself day traders, who make up their own rules, encourage the fluctuations.

Before the most recent upswing, flow moved within the new knowledge category were spared a busting. At one point, even mighty Microsoft was down 62 per cent. For Canadian investors, the biggest disappointment was the burst bubble of Nortel Networks, our past 21st-century high-tech icon. Its share value went from \$125 in July to \$45 last week before closing at \$49. The plunge was set off when the company tossed three major blue-chip deals down in third-quarter sales. This set off the panic selling, even though Nortel's

pace-setting sales of fibre-optic equipment were, at the time, up 90 per cent from the previous year. The market whistles had expected at least 125-per-cent growth, and started in all short. Since that bloodbath, sanity has returned. Among senior analysts recently polled by Zacks Investment Research on Wall Street, which now decries Nortel's stock price, 33 rated Nortel a buy, with two ranking it a hold and only one calling it a sell.

Where has, of course, have been the high-tech serial public offerings that were based on untested claims of technical and marketing breakthroughs. The IPO, which was once a legitimate step in the evolution of a company from birth to maturity, became an instrument of validation that had little connection to real value. As London's Financial Times columnist Peter Martin noted at year-end, "The surge of money produced a mispricing of capital, because when capital is really free, the need to discriminate between new ideas disappears."

In one way, the IPO explosion lands its likely implosion is good news, because after market bubbles of this magnitude have traditionally been followed by the banking system, and when they burst, the entire economic system is threatened. This time, the only victims will be the IPO shareholders. That will be a relatively harmless way of soaking up large-scale losses without any need for public bailouts.

Having been frightened by the sharp market swings, investors from now on may be expected to judge new issues on a more conventional basis, such as testing balance sheets instead of believing their abundant hype. Such old-fashioned ideas as examining net earnings instead of gross revenues, of missing on real asset valuations and assessing working capital ratios, will become fashionable again.

At the moment, chances are that the market uncertainty will not spread beyond the stock exchanges because Canada's fundamental economic indicators remain relatively strong. With our annual gross domestic product increase for 1999 expected to reach a healthy 4.6 per cent, predictions for the current year are slightly lower, but equally solid. The superiority of real business that depends on human endeavour is bound to remain itself, while stock market levels find their way back to safer territory. Instead of a New Economy and an Old Economy, we must aim for a Real Economy.

Divining the direction of the stock market is a tough game. But it's useful to keep in mind Baron Nathan Rothschild's cool admonition during some long-ago crash, when he advised a friend: "The best time to buy is when blood is running on the streets."

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Some students feel like the weight of the world is on their shoulders.

The anniversary of the Russian Revolution brings back memories of a faded empire and hopes for a brighter future

and Paul Fournier where St. Petersburg begins with Peter the Great's dream of a new imperial city. It is not even the magnificent Peter and Paul cathedral where the Romanovs were in their coffins in the conspiracy (because their bones were mixed with some of their last faithful servants), the guide explained, the church is not quite satisfied that they belong inside.)

The heart of St. Petersburg lies some six metres underground, at the end of a wide staircase lit by dim lamps that cast a warm orange light over the admissions hall and its grim display of memorabilia from the reign of Leningrad. There is a doll with its chest stained, its face mangled; a telephone, a shell casing, broken cutlery, Shostakovich's violin. His Seventh Symphony was broadcast live from the

In Moscow, the sense of empire is even more pronounced. This city was built to make people feel small and insignificant. Monolithic, unforgiving architecture, buildings that sit upon the earth like fat giants, all between heavy, especially the Soviet Union that Stalin had his architect design—seven tall buildings, wide cubes at the bottom topped with narrow towers. The Lenin Library with its glowing facade, the pyramids of the university buildings, the tower blocks following that style. The streets are not made for pedestrians, they are too wide, the traffic too dense. The only places to cross are underpasses. The signs are all in the Russian alphabet, Cyrillic. No quarter given to anyone who does not belong.

I find that after the first day's panic, I can read the signs and stop being afraid to talk to people. I had learned Russian in school and it starts to come back. Slowly I can now rely on the random kindness of strangers. And that's another unexpected. Many are willing to help, amazed by my efforts to remember their language. In Red Square, I try to visit Lenin, but he is not for foreigners. A guard at the tomb says there is something wrong with Lenin's chin. Or did he say his neck?

I dip in and out of St. Basil's in Red Square and shiver my way along the Kremlin walls, and spend a day at the Tretyakov Gallery, devoted entirely to Russian art. It's extraordinary how little we know about Russian artists and how many of them are extraordinarily good. It's also strange how so many children show an encyclopaedic knowledge. Much of the art represents great moments in Russian history, and I see parents and teachers explaining what they are seeing.

It's at the Tretyakov that I see my first stable catalogue of Russian soldiers. They look like the ones who invaded Hungary in November 1956, the same uniform, the boots either worn, very young. They are looking up to view a famous painting of a religious procession by Ilya Repin. I stand with my back to the wall, trying to breathe. They walk by me.

The last night in Moscow we see Bolshoi's opera, Prince Igor at the Bolshoi Theatre. The balconies drip gold and velvet, the chandeliers seem too heavy for their chains, and as the curtain rises the stage reveals some 200 people singing. The audience shouts encouragement, "Bravo," "Hooray (good)," and it is as if applauding as the hero dedicates his love of his people and of freedom. Though in the end he marries the daughter of a Tsar, somehow it seems that the Russians defeated the Tsar rather than the other way around with the Golden Horde lordling it over the Russians for more than a century. There is something terribly Russian even about that. A massive cast singing about the future even as the curtain drops. Though approved by its recent losses, the empire is alive and well and celebrating itself. ■



Peter and his wife Julia in St. Petersburg, housing

Great Hall of the Philharmonia in August, 1962, during the bomb raid. A film shot during the siege shows what was left of daily life in the rubble, amidst the unburied corpses, and ends with the end of the war.

Aboveground, large bronze statues of partisans face southward between the enemy cars, and a smaller group of bronze children stands huddled with their children.

A bald party comes to lay a wreath, laughing and cheering until they reach the depths of the hall. The only sound down here is that of a metronome sounding crash like a heartbeat.

If I had to describe St. Petersburg in one phrase, I'd say it's Venice on the Red River. It's cold as Manhattan, the streets are wide avenues, yet the canals and bridges, the stately buildings and palaces, so fabulously rebuilt after the devastation, remind you of Venice. It wasn't what I expected. Neither the feel of the place, nor the sense of urgency, the women too beautiful, the men too huge, solid and confident. There is nothing quite like a large crowd of Russians along Nevsky Prospekt looking straight ahead and smiling, but to make you realize what Hitler failed to see: that the empire is not ready to surrender.



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It's Hillary's turn now

The worst may already be over at Hillary Rodham Clinton's building, once it's a United States senator. She had no sooner taken the oath of office last week, as her busy husband beamed proudly from the spouses' gallery above, than 98-year-old Sen. Thaddeus of South Carolina have said right: "Can I hug you?" he inquired, and promptly grasped Senator Clinton in his ancient chair. To be fondled on Day 1 by a successful segregationist (five, former segregationist) and still come out smiling shows admirable pluck—but then we already know Mrs. Clinton has plenty of that.

There were just 57 days from her election as senator for New York to her swearing-in, but they were anything but quiet. Just for fun, let's review what she's been up to:

Now 10: Thru days after her victory, amid the turmoil in Florida, Clinton comes out with a modest proposal—nothing less than amending the U.S. Constitution. Abolish the electoral college, she urges, in favor of direct popular election of the president by "the will of the people." Never mind that such a change would require smaller states of much of their clout, and risk upending any future electoral chaos across the vast country. And never mind the tradition that new senators should read slowly: Hey, it's Hillary!

Dec. 15: Clinton announces a deal with Steven R. Schwartz for her White House memoir. The advance: an eye-popping \$8 million (\$7.51 if you're the richest book deal in history like Popeye \$6.5 million in 1990), but it's close. Inevitably, questions are raised. Republicans grumble that Democrats founded Newt Gingrich, the former Speaker of the House of Representatives, own a \$4.5-million book deal he reached with a company owned by media mogul Rupert Murdoch. Gingrich finally agreed to take myelositis home.

A newspaper guy, the Congressional Accountability Project, asks Clinton to let the Senate review her contract with Steven R. Schwartz, which is owned by Viacom Inc. "This book contract," it adds, "with its uniquely lavish advance for an elected official may be in fact a way for that compensation to place money into your pockets, perhaps to carry favour with you." Even the affably pro-Clinton *New York Times* ran out in an editorial, calling the deal "an affront to common sense." But it turns out the Senate has broader rules

on such things than the House. Hillary can keep the money.

Dec. 24: *Time* columnist Maureen Dowd reveals that some of the First Lady's wealthy friends and campaign contributors are worried about her. After spending her adult life in public housing (i.e., the Arkansas governor's mansion and the White House), she's never had a chance to accumulate the kind of nice things they all have.

So they've registered her with a fancy gift store called Rodham's Fine Jewelry and Gifts and an encouraging lifestyle to "treat her like a bride" and shower her with chance chains. Spoils, to be precise, as well as Fabergé. Stunning Imperial Court otherwise. It turns out that a Spoils impost gown for a mere \$716, while the patch buckle is a snail at \$792. But there is a deadline: once she officially becomes a senator, she can't accept gifts worth more than \$100.

Dec. 28: Clinton finds a place for all that china and silver. She and Bill agree to pay \$2.85 million for a red-brick Georgian mansion on a secluded street near Washington's Embassy Row. It comes with six bedrooms and seven baths, with a swimming pool out back. Among other things, it means that Bill Clinton will become the first ex-president to live in Washington (a first just now) since Woodrow Wilson in 1921. His gifting buddy, super-lawyer Vernon Jordan, lists two blackes away. The Clintons say they'll keep their other place—the house they bought just outside New York City for \$1.7 million during her Senate campaign.

The same day, a survey by CNN and USA Today shows that the woman Americans admire most is—Hillary! She gets 19 per cent of the vote, with Oprah Winfrey and Margaret Thatcher trailing at four per cent each.

Jan. 3: Clinton is sworn in as a senator, along with 10 other freshmen. The news media pay virtually no attention to the others. After taking the oath in the Senate chamber and enduring Sen. Thaddeus's anathemas, the junior senator from New York is allowed to jump the queue and be the first to re-enter the ceremony via a corridor outside for the benefit of photographers. The Senate Service says it wants to get Bill out of the building, but it's just as likely that they want to clear out the media (step) as quickly as possible.

Senator Clinton promises to work hard and blend in with her new colleagues. Right.



The Clintons embracing the Senate

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Pope has Parkinson's

Giuseppe Piretti, the surgeon who operated on Pope John Paul II after he broke his leg in 1994, was quoted saying the pontiff is suffering from Parkinson's disease. Speculations that the 80-year-old Pope had the disease began in the early 1990s when trembling in his left hand became visible. But Piretti later dismissed the story, which ran in an Italian magazine, after being encouraged to do so by the Vatican.

Second stroke hits Margaret

Princess Margaret, the Queen's younger sister, suffered a stroke over the holidays—her second in less than three years. Margaret, 76, who is confined to the royal estate at Sandringham, 160 km southeast of London, failed to attend church services with the rest of the Royal Family on Christmas Day and has not been seen in public since Dec. 12.

Flogging set for teen mom

A B.C. church group is hoping to sponsor a Nigerian stranger and her two-week-old baby girl before she is publicly flogged later this month for having premarital sex. A court sentenced Bonyi Ibrahim Magasa, 17, to receive 100 lashes, even though Magasa's lawyer said she was engaged by one of her father's friends with whom she was forced to have sex.

Illegal immigrants drowned

At least 50 illegal immigrants on the 400-tonne Georgian cargo ship *Pati* drowned when the vessel split in two after slamming into rocks in the Mediterranean, 90 km off the Turkish resort town of Kemer. Rescuers recovered seven bodies and saved 35 people. The migrants, from Africa and Asia, were being smuggled into Greece.

Rally for striking journalists

Nearly 50,000 Greeks rallied in Prague to show support for 50 journalists who have been barricaded inside a state-owned TV station since Dec. 25. The journalists are protesting the appointment of Jan Hladik as general manager, claiming he is too close to Viktor Kluze, leader of the conservative Democratic party, to be impartial.

World Notes



A car destroyed by an Arab bomb in Niteroy, Brazil, the deadly violence continues.

Clinton's push for a Mideast peace deal

Continuing fighting in the Middle East, including the assassination of high-profile Jewish leader Benjamin Kahane and his wife, Talia, deepened skepticism among Israelis and Palestinians that a peace deal can be reached before U.S. President Bill Clinton leaves office on Jan. 20. The death toll from 14 weeks of bloodshed now stands at almost 300—mostly Palestinians. The latest violence came just as Israeli Prime Minister Ehud Barak and Palestinian leader Yasser Arafat had agreed to meet with Clinton in Washington on Jan. 9. But the killings continued to undermine negotiations.

"We have come very close to a whole set of issues," said U.S. Secretary of State Madeleine Albright. "But the real problem in the moment is the violence. It's absolutely central for Arafat to live up to the commitments he made."

Barak and Arafat were to meet at a summit on the Red Sea with Egyptian President Hosni Mubarak in December to discuss Clinton's plan. But the meeting was cancelled after Barak accused Arafat of not being serious about reaching a settlement. But Clinton's initiative gained new life after Arafat flew to Washington last week. Following the meeting with Clinton, the

Palestinian leader said he was willing to negotiate with Israel based on the President's formula for a settlement.

While both sides scramble for firm agreements, Clinton's plan would give the Palestinians a state occupying 55 per cent of the West Bank and all of Gaza. The Palestinians and Israelis would also share sovereignty over Jerusalem's Temple Mount, a shrine holy to both Jews and Muslims. But a major stumbling block continues to be the issue of Palestinian refugees. Hard-liners are demanding that Palestinians who either left or were expelled from Israel in 1948 have the right to return to their former homes. But the American plan does not call for the return of the refugees and Barak also refused, saying his country of 5.6 million people would be unable to accommodate the nearly three million refugees who might return to their homes and land.

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Industrial creators like Karim Rashid are proving that consumers will pay for stuff that looks good

The Rise of Design

By Patricia Chisholm

A trash-can-like garbage can that displays the trash inside sells more than two million units a year more than four years. A moulded plastic chair with holes in it that costs for \$70 wins multiple design awards. A mesh-hole cover that looks like it could be the top of an alien spaceship garners seven awards in Manhattan. These are among the beautiful, functional—and mostly inexpensive—products that have made Canadian Karim Rashid into the face of industrial design.

Now based in Manhattan, Rashid is clearly gratified by his snowballing reputation—the employees and revenues have doubled over the past year—but says he always knew that product design, not just functionality or marketing, is the best way to boost the bottom line. He'll go even farther: Design can turn a company from ho-hum mediocrity into a globally dominant force, he declares. Unfortunately, many Canadian companies just don't get the message. "If a Canadian company approached me tomorrow," he says, "I could turn them into a \$50-million corporation in three years."

Well, he's not exactly modest, but Rashid is clearly onto something. Recent redesigns have propelled familiar products to superstar status almost overnight: the runaway success of Apple Computer's jelly bean coloured iMac, for instance, and the curvaceous but forward-looking, new Volkswagen Beetle have surpassed even their manufacturers. Consumers and designers are now interested in ways that are adding up to a revolution, especially for companies that know how to attract younger consumers—the group that is leading the shift towards better-looking well-priced furnishings and accessories for home and office.

The burgeoning market for design hasn't fully hit in Canada yet, but there are signs of change. Rashid's now ubiquitous "Garbo" trash can is made and distributed by Toronto-based Umbra Ltd., which also makes his holey Oki chair. Pure Design, an Edmonton furniture company that has grown rapidly since it was founded by three industrial designers six years ago, ships about 80 per cent of its products to the United States. And Montreal-based manufacturer giant Bombardier Inc. is winning international design awards for its fleet of sleek but playful-looking watercraft. "Most Canadian companies are simply not using design to its fullest," says Luigi Ferraro, an architect and vice-president of The Design Exchange, the nonprofit Toronto-based organization that promotes Canadian industrial design, fashion and art. "But when they do, they capture the world stage."

So, is a country with loads of design talent but

Rashid with one of his wacky and talked: his Leongle Chunks (below); the best-selling Garbo garbage cans (opposite); "If you don't do the design work, you're dead"



not a lot of corporate support for the expense and uncertainty of the design process, how do creative phenomena like Rashid develop? A man who can look kinetic even while reclining on a couch, Cairo-born Rashid gives most of the credit to his Egyptian father and English mother, who put a high premium on creativity. His son-designer father got a job at the CBC, and the family moved to Canada from England when Rashid was

7 (although he has lived in the United States since 1992, he is still a Canadian citizen). He still recalls living for a year across from the 1960s architect of imaginative design, Montreal's Expo 67. He spent the rest of his youth in the Toronto area before going to Ottawa to attend Galeson's School of Industrial Design, a program he remembers with mixed feelings. It was the artistic atmosphere at home—and subsequent time in Italy studying under the idea of architect and designer Ettore Sottsass—that shaped Rashid's remarkable ability to reinvent conventional objects in radical ways that still appeal to consumers, not just museum curators.

At 40, his list of achievements is regularly impressive: he

has designed for Ettore Sottsass, George Aram, Sony, Yahoo! and Chrysler. He has dozens of houses, including the Chrysler-Chrysler Award (1999) and the George Nelson Award (1999). This month, he will be recognized by the Interior Design Show, an annual exhibition of Canadian premier interior design talent held in Toronto, with the inaugural Designer of the Year Award. His works are held by the Museum of Modern Art in New York City, among many others. A tireless worker, he goes at it 12 to 13 hours a day, seven days a week. Clearly, he and his staff of 20 are working on fashion, boutiques for Armani, restaurants in New York and Philadelphia, hotels in Miami and Athens, and concrete containers for Ettore Sottsass.

What's crucial to good commercial design, Rashid says, is the willingness to push a concept forward—the possibilities of moulded plastic as furniture or rubber castings for high-tech components, for instance—without spinning off into the cerebral, overly personal or jargon-plug world. "In the past, design could be too egotistical or too much about the language of the artist,"





Rowan's focus
with his studio by
Rankin: firms
have been slow to
embrace design

Rowan says, citing the excesses of 1980s furniture design: "Companies got turned off because they thought it would be too expensive to produce, or that contemporary designs would alienate their markets. But it's changed now. If you don't do the design work, you're dead."

Even so, convincing companies that good looks count can be tough, Rowan says. When he first set up his business in 1995—after he was fired as a teacher at the Rhode Island School of Design for being "too theoretical"—Rowan crisscrossed the United States, trying to get companies to listen to his ideas. But time after time, doors were slammed in his face.

"I almost had a nervous breakdown," he recalls. "I lost 30 lb." Finally, Nookle, a Santa Fe, N.M., maker of dinnerware, lit—and products designed by Rowan now account for 35 per cent of the company's business. Taking a chance like that is a lesson that a lot more companies, particularly Canadian ones, should take to heart, Rowan argues. "What they don't realize," he says, "is that the rest of the world is moving so fast. And the smaller you are, the bigger the balls you face. Because it's the only way to make an impact. Looking to change regionally, in a conservative context, won't work."

That's partly because more models and the Internet are creating new markets for, and appreciation of, high-quality, high-impact design. Geoffrey Lige, co-founder of Pure Design with Daniel Hlus and Randy McCoy when all

three were fresh out of the University of Alberta's industrial design program. The company, which specializes in metal and wood furniture with spare, clean lines, posted revenues of more than \$4 million in 1999. He put much of the current interest in well-designed but modestly priced products down to shifting demographics. "You only have to watch MuchMusic to see why design is so popular with young people," Lige says. "The clothing, the tattoos—these are the things young people are interested in. We get lots of teenagers who buy our stuff online." One of Pure's most popular products, a side table called "Hockey Night in Canada," typifies the way cultural icons are being mined for fresh new ideas in consumer products.



Copeland's 'Hockey
Night in Canada' table:
mining cultural icons

The designer Vancouver-based writer Douglas Copeland, author of *Generations X* and one of the country's leading commentators on pop culture. Of course, almost anything will sell during boom times, but design accounts for the shift towards the beautiful is here to stay, good times or bad. Paul Rowan, co-founder with Les Mandelbaum of Toronto's Umbra, points out that accessories are often the best test of a product's value.

"There are more opportunities for innovative companies in a recession," says Rowan, who oversees design for the company. "It kills bad concepts. During the last recession, the early 1990s, all we had was growth." The reason, Rowan says, is that consumers become much more discriminating when money

'There are more opportunities for innovative companies in a recession,' says Rowan. 'People go for value, not junk.'

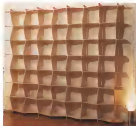
is tight. "People still buy, but they go for value, not junk."

Of course, coming up with good design isn't cheap, and that's where many Canadian companies balk. When they do make significant investments in the design and engineering of a product, however, the results are often well worth it. Rowan notes that Umbra recently completed an award-winning new building with state-of-the-art design studio as a way of attracting the best design talent to their less-than-exciting suburban location. And the greater a company's commitment to design, the more likely its investment will pay off, long-term. Bombardier has about 50 employees dedicated to the design of all-terrain vehicles, snowmobiles and personal snowcats. That attention to the marriage of function and form has not gone unnoticed. The Sea-Doo, launched in 1988, was a massive media hit year in the Design of the Decade competition sponsored by the Industrial Designers Society of America.

Style has always played a big role in increased consumer products, says Denis Lapointe, Bombardier's vice-president of recreational design. But the rapidly evolving international marketplace is making it even more important. Globalization, he says, has leveled the playing field when it comes to producing durable, functional products. "So what's left at the end of the line to create a difference at the consumer level?" he asks. For Lapointe, the answer is design. "It plays a preeminent role in the differentiation of products."

Celia Ladner, editor of *Canadian House and Home* magazine for the past nine years, has watched the love affair with design grow, and she says it is here to stay. "We can't go back now—you go to a certain sophistication level and it doesn't go down." She does believe, however, that the flood of well-designed but mass-produced products will reinvigorate the market for unique, handmade items. "The downside is that everything becomes homogenous. Yes, everything is very useful but it's all the same," she says. "I think there is going to be a new interest in the work of skilled artisans—things like fine pottery and custom-made cabinets."

Small businesses, then, are likely to benefit from the new



Modular shelf unit from Pure Design: a strong youth market

appreciation for the beautiful as large corporations stamp out thousands of plastic readable chairs. Gerni Moroff, a West Coast glass artist with an international reputation, says she has already begun to see an increasing market for her work. The seeded glass objects she produces—mostly by hand—are accessories of sea animals and the windswept beaches that surround his Vancouver home. "People like having beautiful things around, especially if it reflects their sense of style and design," Moroff observes. "It isn't just a luxury—they are finding that they actually get something back from looking at something that is beautiful." Beauty, once considered a thrill for many Canadians, finally seems to have achieved the status of a necessity.

With Ruth Ashbery in Vancouver and Brenda Brumwell in Montreal

THE MAILBOX THAT WASN'T

When it comes to Canada, Karen Rankin is a food, but frustrated. He spent seven years at KAN Industrial Designers, a Toronto firm, before heading south of the border in 1992, and during that time he would often see his ideas dismissed by clients as impractical or too unusual. The

mainstay of one project in particular still torments him: the better part of two years working on futuristic new designs for Canada Post mailboxes, only to have the federal agency reject all of his proposals. "They were as arrogant and stupid," he says now.

Canada Post responds that its failure to use any of Rankin's eye-catching concepts was no reflection on the designs. Instead, with 30,000 of the request boxes al-



ready on the street, it decided to go with a much less expensive proposal to simply overfill what was already paid for. But Rankin says he has the last laugh. He notes, with some irony, that he has more Canadian clients now than he did while he was working in Toronto. His philosophical about it, though—he knows Canadians often have to make it ahead before they are accepted at home.

BC

The bookstore wars: Chapter 2

Takeover king Gary Schwartz and Chapters chief Larry Stevenson overrode their bitter public punch-up over Schwartz's attempt to buy Stevenson's giant book-selling chain, Schwartz and his wife, Heather Reisman, who owns Chapters' smallest rival, Indigo Books & Music Inc., first made a hostile bid in late November, offering \$13 a share. Chapters Inc. stock has risen from about \$9 since then to around \$13. Stevenson balked back



Schwartz, 'lusty owner'

with good news about Chapters' Christmas performance, trying to persuade investors not to tender their shares. He has also proposed buying back interest Chapters sold in two as-

sociated companies, Chapters Online Inc. and Pegasus Wholesale Inc.

Last week, Schwartz extended the deadline to Jan. 24 for shareholders to sell, and sent them a seven-page letter alleging that Chapters has made "lusty moves" and needs a "better management shakeup." He also asked the Ontario Superior Court and the Ontario Securities Commission to compel Chapters to give a full accounting of the proposed Pegasus buyback, which Schwartz alleges outspies readers for their shares. For chapter, Stevenson challenged his opponents to open the books of privately held Indigo, which is widely believed to lose money

which Schwartz alleges outspies readers for their shares. For chapter, Stevenson challenged his opponents to open the books of privately held Indigo, which is widely believed to lose money

Jeep Cherokee killed

Embattled cranker **DaimlerChrysler** said it would stop producing the venerable Jeep Cherokee sport utility vehicle next summer, earlier than expected. The model, updated only once since its debut in 1984, will be replaced in the smaller SUV class by the new Liberty, although the luxurious Grand Cherokee will remain in production. DaimlerChrysler, facing a fourth-quarter loss of \$1.5 billion, has like other automakers, embarked on a wave of economy measures, including production cuts at its assembly plants in Windsor, Ont., and Brampton, Ont.

Heart of the deal

One of Canada's leading drugmakers, **Bovall Corp.** of Mississauga, Ont., agreed to pay \$614 million for the North American rights to **Cardionex**, a popular brand of heart medicines made by **Aventis SA** of France. The deal is part of Bovall's strategy of becoming a full-fledged pharmaceutical firm, and will also deliver needed revenue to its generic-drug sales leg.

George goes under

George, the political fiction magazine founded by **John B. Kennedy Jr.** in 1995, will fold after publishing the March issue. Kennedy was the magazine's editor when he and his wife and two-in-law were killed in a light plane crash off Massachusetts in July 1999. The magazine, which tried to marry politics and pop culture, continued under a new editor, but publisher **Hachette Filipacchi Magazines** said the current solo advertising market had only compounded *George's* long-term financial difficulties.

Trouble at Cell-Loc

Former model market darling **Cell-Loc Inc.** of Calgary said it will cut nearly a third of its 150 employees amid financial troubles. Cell-Loc has had difficulty marketing its technology, which locates cell-phone users, such as 911 calls. The company was founded by **Michel Frenouille** and old friend **Harold Zuplow**, head of **WILLAM Inc.**, another Calgary tech firm whose stock has fallen hard. Frenouille will inject up to \$20 million into Cell-Loc.



Tech Explorer

Tracking mad-cow dangers digitally

Canada prides itself on the quality of its beef. Still, the mad-cow scare in Europe has forced cattle producers to re-evaluate how beef is tracked from the farm to the slaughterhouse. Canada has not had a national tracking program since 1985, when it introduced an affliction of the reproductive system called bovine brucellosis. But mad-cow disease, firmly known as bovine spongiform encephalopathy, is changing that.

BSE is a neurological disorder that disrupts the cow's brain and is widely believed to cause a similar disease in humans who eat infected beef. In 1996, the Europeans Union devastated the beef business in Britain when it learned the beef exports under BSE outbreaks that killed 80 people. Now, France is reporting 20,000 cases weekly in the wake of two deaths, and Germany has discovered seven cases since November. To date, Canadian authorities have identified just one case of BSE—which prompted the destruction of more than 300 head of cattle on an Alberta farm in 1993.

To ensure future health concerns are handled quickly, the industry-led Canadian Cattle Identification Agency is implementing a new tagging system this

month. All cattle will bear a standardized ear tag with either a bar code or a computer chip to identify the head of origin. **Julie Soto**, the agency's general manager, notes that more than 50 per cent of Canadian beef and live cattle is exported. Delays in finding the source of a disease could lead consumers to close their borders. "And that," says Soto, "is hugely costly for this industry."

The agency is using Toronto-based **Amtech Information Systems Inc.** to test new software in slaughterhouses in Calgary, Mississauga, Sask., and Gravel, Ont. Workers scan the animals' ear tag at the slaughter. If anything unusual is discovered during inspection of the carcass, the farm it came from can be quickly identified. The database could be expanded to monitor cattle feed and antibiotic records, says Amtech president **Paul Brown**. The system can also file the amount of meat and fat, the meat's grade and its acidity. "Europe has been going after our beef supplies with allegations of all sorts of additives," says Brown.

"Well, if you have a tracking system in place that says we have proof that your allegations are false, that ends the argument."

A German cow from a herd with BSE, leading off health concerns

Plug-in phone

Handspring Inc. of Mountain View, Calif., now has a cell-phone module for its line of **Vision** hand-held computers. The **Key-VisionPhone** plays into a slot for accessories, turning the Palm-compatible personal digital assistant into a cell-phone for networks using the GSM system. Users can dial directly from the address book or use a touch-screen dial pad. The device can also send short-text messages. Users can even check their calendar at any other programs while talking on the phone.

VisionPhone is so far available only in the U.S. market, where it retails for \$299 (U.S.) with a cell-phone service plan. But a **Handspring** spokesman says the company is discussing a distribution deal with Montreal-based **Microcell Solutions Inc.**, operator of the **Fido** network and Canada's only GSM carrier. **Mountain View, Calif.**, is testing its **SB1000** module, which runs the **Vision** into a cell-phone for CDMA networks, the same system used by Canadian carriers **Bell Mobility**, **Cleantech PCS** and **Telus Mobility**.



Duo to Havelok

Cool Site

Bridal path

The world—and the Web—is full of advice for brides. But what about bridesmaids? Two New York City women with a defunct site of **bridesmaids.com** set up **www.bridesmaidsonline.com** to fill the information gap about, as they put it, "this oft-neglected job."

The pair, **Ellen Horowitz**, 27, and **Joanna Duffin**, 28, say they have attended nearly 30 weddings in the past three years, 10 to bridesmaids, and counsel on everything. "From how to save money on gifts to how to look like thinner in an unflattering dress." Recommended: the **Horror Stories** page.

Financial Outlook

A new survey by real estate broker **Realtor LePage** found that prices for standard two-story houses and condominiums are steadily across the country last year. On average, more than 80 per cent of houses and 70 per cent of condos increased in value. The survey also found that in the past five years, condominiums value often rose faster.

Gains were especially impressive for condominiums in downtown locations, favoured by young first-time buyers and moving looking for the amenities of city life without the

expense and upkeep associated with houses. There are signs of a slowdown, however: last year, listing periods increased and there were fewer multiple offers, compared with 1999.

MOVING ON UP

Average prices for a two-bedroom house and a two-bedroom condominium in selected cities

City	House	Year %	Condo	Year %
Montreal	128,000	+11.4%	111,000	+10.0%
Calgary	120,000	+10.2%	81,500	+8.8%
Winnipeg	128,000	+10.8%	81,000	+10.2%
Toronto	187,000	+10.2%	144,100	+10.7%
Montreal	188,200	+10.9%	131,000	+11.7%
Ottawa	171,000	+10.1%	111,000	+10.0%
St. John's	145,000	+10.1%	99,500	+10.1%

Source: REA, 1999-2000



The next Net fortunes

The sentiment from investors in the Internet sector is positive and pretty well unanimous—good evidence, year 2000. The Internet winds of the past year, an inevitable end to the euphoria that had gripped main street Newscorp public offering (1999), brought a level of realism back to the markets. And the correction has been massive. The Internet's dot-com revenues, Sizer estimates, a basket of 24 of the largest Web-related companies, is down approximately 80 per cent from the high of \$1,193 it reached on March 10, 1999, just before the Internet bubble popped. Every day it seems as if another Internet company goes bankrupt. Negative sentiment abounds, even in the wide offices with U.S. investors on call.

But it is important not to forget the changes the Internet has wrought over the past five years. Where would we be today without e-mail, Web browsing, commercial data exchange and countless other Internet-related technologies? The networked economy has joined corporations of all sizes, shapes and sizes into a network. If Act 1, Scene 1 of the Internet revolution is over, what's next? Is investing the Internet for 2000, two decades from now? Both flow from the lines between needed by shell-shocked (and delirious) Internet analysts, kind investors and venture capitalists. Infrastructure. How they are.

Business to Business. You may ask how the most overvalued and overhyped of 2000—B2B—could still be an important trend. Simple. Most businesses have yet to make the great leap forward to link up with their suppliers using Web-based technologies. Part of the problem is that the technologies are only now beginning to mature. Many large companies still rely on the old, and highly expensive, Electronic Data Interchange systems. Newer technologies, driven by free enterprise Anixia Inc. and Commerce One Inc., promise to link buyers, suppliers and manufacturers using Web protocols such as XML to standardized data exchange, process payments, check credit, auction surplus inventory and automate the countless other business-to-business supply tasks.

Predictably, large software and information system companies are now competing for a piece of the B2B action. Anixia has aligned itself with IBM and i2 Technologies while Commerce One has aligned itself with Germany's SAP AG. These giant database partnerships are asking on database grandchild Oracle Corp., as well as recent entrant General Electric's Global eXchange Services. The pair is largely analysts predict that millions of dollars in transactions will be made on-line between businesses in a few years. The technologies and marketplace driving the Internet sector tend to make big money. Some companies have already shown amazing success in

growing sales online. *Autoserve Web*, which annually ranks the top 500 businesses by online revenues, found this leading brick-and-click companies such as Intel Corp., Nortel Networks Corp. and General Electric Co. have overtaken pure dot-coms such as Amazon Inc. in revenue gains via the Net. Intel, in fact, took in approximately 75 per cent of its 2000 revenues, or some \$75 billion, through online channels. The leadership shown by the Internet 500 will trickle down to companies around the world over the next few years as online B2B revenues become huge.

Storage. Corporate storage is hot. From Silicon Valley to the City of London, not to mention Wall Street, everyone loves storage companies. What's the big deal?

At the most basic personal level, it is easy to see that our storage needs are growing. With the digitization of everything, we need more space to hold all those e-mails, MP3s, digital camera pictures, movies and other data that we take for granted. Remember when 10 gigabytes were supposed to last forever? I live through that on my home computer in next months.

Now, expand this concept to corporations, libraries, universities, hospitals, governments and other organizations and imagine how their storage needs are growing. Google, a popular search engine, has indexed approximately 1.8 billion Web pages, most of which did not exist five years ago. The growth of corporate intranets, extranets and e-mail, the move to archive everything in digital formats and the proliferation of rich digital media are causing organizations to consume storage resources at an ever-accelerating rate. *Forrester Research*, after surveying 2,500 firms around the world, predicted that storage expenses will rise from four per cent to 17 per cent of a company's budget in the next three years. Phenomenal growth by any measure standard.

Again, the pace of innovation in storage technology is blistering, with many of the larger computer hardware companies in the race. Rather than add space to individual servers, the technology has advanced to include so-called storage area networks that are accessed from the Internet as well as corporate networks, and rival systems known as network-attached storage. Leaders such as EMC Corp. and Network Appliance Inc. compete against research powerhouses including IBM, Hewlett-Packard and Compaq.

In 2001, infrastructure looks like the place to be in the Internet. No one seems interested in just hot sectors like B2C (business-to-consumers, meaning retail) or online entertainment. Business-to-business and storage technologies should have staying power for years to come as brick-and-click companies settle into Act 1, Scene 2.

Careers cleared for takeoff

At 21, Steve Goyette sounds remarkably sanguine about his future. His outlook now is not more broadside to simply attend school for the Montreal academy. In a city with a booming aerospace industry, he learned at Montreal's aerospace trade school are a hot commodity. Goyette was hired full time at Bombardier Inc. only three days after earning his diploma last October. He enrolled in the trade curriculum at *École technique de l'aérospatiale de Montréal*—referred to by its acronym, EMAM—after spurning an electronics program at a local junior college, as *CEGEP*. Here, in the school, dual boot and



Goyette, a job at Bombardier only three days after graduating

now like a factory. Goyette found his niche. "I loved it," he says, "right from the start."

From the outside, the modern concrete building in Montreal's east end could pass for any high school. But the atmosphere inside there. Based on the only secondary-level aerospace trade school in Canada, EMAM offers a textbook example of how school boards, business and government can work together to address an acute shortage of skilled labour. Since its inception in 1994, EMAM has received about 3,000 applications annually for 1,000 spots. Students are drawn by the virtual guarantee of employment in an industry where hourly wages typically start at \$12 and quickly rise. EMAM also boasts free tuition, state-of-the-art equipment and an authentic aerospace environment. "If you visit our campus, you'll find exactly what we have here," says principal Danielle Soulière. "We've reproduced the industry model."

The school's main classroom is a hangar that covers 9,750 square metres and can house up to three aircraft. On

a recent visit, the muzzled blast of test gases constantly rushed through the air. Students specialize in such skills as assembling, electrical assembly or structural assembly and production with a high-school trade diploma after completing programs that range from nine to 16 months long. EMAM operates on three full-time shifts: 6 a.m. to noon,

the province provided funding for EMAM, which has helped create a pool of available labour.

Still, it is a struggle to keep up with the phenomenal growth of Montreal's aerospace industry. A key engine of the region's economy, it currently employs about 50,000 people. Bombardier, the industry's most prominent Canadian player, recently announced plans to build a \$473-million plant at Mirabel. The expansion will create 1,700 of the 4,000 new jobs that the company is forecasting in the region over the next three years. Over that period, Bombardier expects to hire at least 50 students a month from EMAM. Says Serge Leblond, head of human resources at Bombardier: "We absolutely need EMAM to be our supplier."

Michelle Monestrey is a lively candidate. At 23, she is enrolled in a classroom, working on the morning's assignment: installing an undercarriage door. Like her classmates, Monestrey wears safety glasses and a uniform of pants, T-shirt and work boots. A pair of earmuffs helps drown the noise. The mother of a three-year-old son, Monestrey applied to the school in the hopes of getting off welfare. She succeeded in passing the school's four-hour aptitude test, and now has hopes of being hired as a structural assembly worker. "I like working with my hands," she says. "And I've always been interested in planes." That interest, coupled with an EMAM diploma and the backing of the province, is opening new doors for Monestrey and hundreds of others.

Brooks Brunsell in Montreal

Straight Cash

Johnny Cash has lost 22 lb. on a new diet, but don't ask him about it. "It's called *anorexia*," shows the 60-year-old country music legend. "Black and white, dark and white. I feel like I'm eating." The Man in Black, famous for his former hard-living ways, adopted a healthy, regimented lifestyle after being diagnosed in 1997 with Sily-Deniger syndrome—a progressive nervous system disorder similar to Parkinson's disease. Now, the consummate courtier, known for his prose concerts, has left the road behind. These days, he and wife June Carter Cash split their time between Tennessee and Jamaica.

But Cash hasn't stopped making music. His latest CD, *American III: Solitary Man*, has earned a place on a number of critics' Top 10 lists and is likely Grammy-bound—both predictions in that state, *American Recordings* and Clinton, now owns. The series of CDs started in 1994 when rock/punk record producer Rick Rubin approached Cash about making an album. "[He] went along and recorded the way I always wanted—with just my guitar," says Cash. "It was a meeting of the minds."

The stripped-down first album from that partnership drew a remarkable amount of attention from fans of all ages suddenly. Cash was celebrated by a new generation of rock rebels, including the Red Hot Chili Peppers—who also somewhat drop by his house. The range of Cash's fans is evident on *Solitary Man*, which is made up of a combina-



Cash: The Man in Black meets the Red Hot Chili Peppers

tion of covers and some original material. For it, he called in help from Tim Perry, Sheryl Crow and old friends like Moby. In short, The Man in Black may be there, but he's not as big as he once was, but his Rolodex is as thick as ever.

King Arthur and the Canadian connection

A boy in Scotland, says 60-year-old A.K. McKenna, B.C., writer Jack Whyte, two things find his imagination: "King Arthur and anything to do with Korean history." Whyte's childhood interest merged with him after he moved to Calgary in 1967 and enrolled on a varied career as a teacher, singer, musician, actor, advertising writer and corporate communications director. In retrospect, Whyte says with a laugh, those jobs were a good preparation for writing fiction "since they all boiled down to story-telling." By 1977, Whyte had written out a feasible historical concept for his Arthurian obsession, but he kept his day



Whyte: The table may be square, but the tale is real

job and wrote at night. "For another 12 years, before I even considered approaching a publisher."

His cautious approach eventually paid off. Whyte, the father of five adult

children, has been able to concentrate on writing full time since 1996. His originally realistic narrative of Dark Ages Britain, *L500* years ago, topped to first of both Arthurian fantasy and conventional historical novels—his answer, *Other*, is a Canadian best-seller. The enduring attraction of the Arthurian story is no surprise to Whyte. "Inside Arthur's story," he says, "people find the magic of the human spirit, a kind of verification of our ability to rise above the most awful circumstances."

Whyte: The table may be square, but the tale is real



Charles Gordon

2001: a year to avoid

A busy year in Canadian culture let alone. You can live through it if you want to. Don't say you weren't warned.

A new Beatles song, a disco and put on a CD with samples of press conferences, live starts in record sessions and deleted bits of movie sound tracks. CBC Radio announces a period of baby boomers to talk about a for 10 consecutive days. To the utter amazement of everybody between the ages of 40 and 55, the CD does not sell.

Ground is not broken for Toronto's new open house. "We have not yet this raging prosperity under control," explain Ontario government officials.

Record producers continue to make a deep vein of singing talent. By an amazing coincidence, the entire vein is 17 years old and has blond hair.

The Toronto Raptors make the National Basketball Association playoffs but don't advance beyond the second round. The bookies "Whether Canadian basketball" appear in 12 daily newspapers, two magazines and 73 Web sites. "Whether Canadian basketball" appears on another one.

Franchise in Toronto, Edmonton and Winnipeg draw thousands and boost the tourist trade; they are denounced by some and written in "too many series," whenever we like *franchise* develop, on the fringe of the fringe.

The Canadian film industry continues to have difficulty finding screens to show Canadian-made movies. As predicted, David Cross' film about the HREDC scandal is a big hit. However, Ottawa has been changed to Winnipeg, Saskatchewan has been changed to Austin, Tex., and Jane Seymour has been changed to Meg Ryan.

Convergence, Part 1: After buying *Nespresso* and *Sony*, CanWest Global is bought by Disney, which in turn is bought by the Ontario Teachers' Pension Plan Board. New owners say that they are not committed to whatever the previous owners were committed to, and whatever it was they were producing will still be produced only better.

The CBC embarks upon its most ambitious and heretofore project ever—a 17-part history of the CBC. *Revelation* are affected by the part in which Christopher Plummer, in Sir John A. Macdonald, tells George Brown and John Cabot about his dream of a *First Page Challenge*, reaching from sea to sea.

Convergence, Part 2: It turns out that the Ontario Teachers' Pension Plan Board now owns all the book publishing in North America and a bookish ally in Hawaii. Canadian authors rally to protest the possibility that they will become prisoners. However, some say that they welcome the opportunity to make some real money for a change.

Charles Gordon is a columnist with The Ontario Citizen.

No two books on the Giller and Governor General's literary award shortlist are the same, prompting critics to attack the two judges for inconsistency and capriciousness.

Or else, the Giller and GG award shortlists are exactly the same, prompting critics to attack the boring establishment mentality of the two judges.

Convergence, Part 3: The Toronto Star buys the National Post. The new paper's editorial policy remains the same as for the Toronto Maple Leafs.

Five Canadians who are already well off and famous and don't need further recognition involve the Governor General's Performing Arts Awards.

The Ontario government attempts to stop the performance of an American singer whose lyrics are, even to his fans, can be pretty unattractive. "It's not to be sung anything," the attorney general considers, "and when we tell our what it is, we're not going to like it."

A Canadian doesn't win the Booker Prize, prompting an outpouring of angry and heated self-censorship. The headline: "Whether Canadian literary self-censorship" appears in 12 daily newspapers, two magazines and 73 Web sites.

Convergence, Part 4: The Montreal Canadiens are sold to a dot-com billionaire, aged 13, who sits behind the Canadian bench during something which are of *Phaedra* controversy. His past careers seem to show inside a large old die. Asked for an explanation, the owner refers himself to his mother, who, in turn, refers them to the Ontario Teachers' Pension Plan Board.

Four symphonies go bankrupt. Seven cartoons open.

Convergence, Part 5: The Toronto Star-National Post buys The Weather Network. The new paper's editorial policy soon remains the same for the Toronto Maple Leafs followed by periods of sustained cold.

In the first recorded instance of bullet signs, a Winnipeg man stands up during an award-give production of *The Heather and the Yellow*. "Whether the times sugar plums faint?"

Three other NHL owners decide to follow Mario Lemelin's lead and return to the ice. Unfortunately, they have never been on the ice. Among other catastrophes of the year—George Howe, Guy Lalonde and Eddie Shore. Also, per se, Paul Harvey, the last Storm, Kim Campbell, the Y2K bug, the Ottawa Rough Riders, Edward Bred and Bill Wender Zelen.

Convergence, Part 6: Air Canada buys the Royal Winnipeg Ballet, first half the dancers, nine provinces, broke customers out of this team and lose their overcoat.

End-of-year top 10 lists are the worst ever. Twelve daily newspapers carry the headline: "Whether Canadian top 10 lists."



Casting Away

Hollywood logic lets a Canuck play JFK and a California girl go French-Canadian

Juliette Lewis has been put through her paces by some of Hollywood's most exacting directors. As a teenager in Martin Scorsese's *Cape Fear*, she let a leering Robert De Niro slide his thumb into her mouth. In *Amadeus* and *Wings*, she played each other's pet to a bawling Woody Allen. Then, in *Natural Born Killers*, Oliver Stone sent her on a mass-murder field trip. But last month in a Toronto recording studio, the 27-year-old American actress faced one of the roughest assignments of her career. Steering in Canadian director Bruce McDonald's new movie, *Glacé Huit*, Lewis plays a Québécoise vagabond adrift in Toronto who can't speak English. The problem is, Lewis can't speak French.

"*Tu parlais avec moi et à Montréal*," Lewis intones softly into the microphone, as the words from a phonetic script. A dialogue coach from Quebec corrects her, one syllable at a time. She does it again, over and over until it begins to sound remarkably like French. "Very good, now listen to the music—call," says the coach, scanning the phrase as a series of beats. "Now try it in your lower register." After a dozen takes, Lewis reads the line. Two hours later, the entire 50-word passage—a voice-over of her character reading a letter—is on tape.

Making Canadian movies is a bizarre business at the best of times. But the idea of Lewis, a Californian, in the role of an unilingual French-Canadian takes cultural-blind casting to new extremes. "Everybody knows I'm American," she says. "I thought if I could just get it to a place where people aren't distressed and believe me. The sound technicians were French-Canadian. And I felt encouraged because they gave me thumbs-up on the first day of shooting." Luckily, although Lewis is in almost every scene, she has very little dialogue.

Still, you wonder why the filmmakers didn't just cast a Québécoise. But no Québec actress was deemed bankable. McDonald's previous film, from *Highway 61* to *Hush* *Cave*

Logs, have been critically acclaimed but commercially marginal. So by casting Lewis, along with American actors Gena Rowlands and Mickey Rourke, Toronto producer Robert Lantos hopes the *first-cut* may finally get the audience he deserves.

For Canadian cinema, recruiting star power from outside the country marks a shift in strategy. Seattle's *Greenwood* just wrapped *Rev & Rest*, starring William Hurt as a Newfoundlander. And Philip Seymour Hoffman (*State and Main*) is set to star in *Queering Monday*, the true story of a CBC employee convicted of embezzling \$17 million. But during the 1990s, director Atom Egoyan made his breakthrough with *Zona* and *The Sweet Hereafter*—two films that had no escape routes but launched international careers for Canadian actors Sarah Polley and Bruce Greenwood.

The same day I watched Lewis struggle with her French, *Lawrence Daye*, a near-Hollywood thriller about the Galton estate crisis starring Greenwood as John F. Kennedy III, too, appears to be an unlikely fit of casting, but it's much less of a stretch. Canadians have been playing American presidents since Raymond Massey was Abraham Lincoln. Greenwood—born in Nanaimo, Que., raised in Vancouver and now living in Los Angeles—didn't have to adopt a foreign language, just an accent. And with his sandy hair, boyish good looks and intelligent blue

eyes, he bears a more than passing resemblance to Kennedy. Unlike Lewis, he was cut purely for his anonymity. "If you had a big star play Kennedy," the 44-year-old actor explained in a recent interview, "you would have to get just one scene to get to the other, and that might be difficult." But *Thirteen Days*, a \$120-million studio movie, will need a more to secure financing. So producer Kevin Costner took on the riskiest role of JFK aide Kenney O'Donnell, affording a word, and, damming, Bonanza dwarf Greenwood, however, soloed the JFK accent to concentrate on the character.



Lewis Greenwood (left): she had to bluff her way through a foreign language; he had to measure up to an American icon

As a Cold War president trying to outwit both the Soviets and a hawkish Pentagon, he craves a Kennedy whose low-key ambiguity is at odds with his public image—a Kennedy who seems almost, well, Canadian. When I mention this, the actor laughs but does not disagree. "We are men where we haven't seen him before—behind closed doors. He's not performing. The script doesn't rely on Clinton and tumbled hair and wooden sailing boats. And the more I read, the more I realized Clinton was a 50th of who he was. He was a very close reader. He could quote poets and writers to meet in profoundly appropriate ways."

While shooting *Thirteen Days*, adds Greenwood, "I lay awake at night worrying I was not serving his memory. It's a big vessel. You can't fill it. As an actor... how can you ever do that?" As if to answer his question, a violent gust of wind suddenly rattles the window of his Toronto hotel suite. "A lot of spooky stuff happened like that during the shoot," says Greenwood. Such as? "I'd rather not say it's personal."

The final day of shooting *Glacé Huit*. In a frigid studio on the Toronto island, Bruce McDonald, dressed in a natty black overcoat and cowboy hat, is filming a scene set in a police station. During a break, he lights a cigarette and talks about how he first tried to make the movie with a Montréal producer, but couldn't persuade her to cast a Québec actress.

"They wanted a star from Paris," he says, "so the money all fell apart." Next, Lantos moved in. When the Montréal producer was reluctant to sell the script, Lantos sent McDonald to Montréal with a leather bag full of cash—\$50,000. As if buying a rug, McDonald started faking one wad of cash and slipping them on her desk until he closed the deal for just \$10,000. Lantos then told him he could make the film cheaply with an unknown, or hire a star and do it properly. "I thought, 'Well, if I'm going to make this movie, I've got to play the movie game and not a movie star,'" says McDonald. He ended up with a \$12-million budget.

Soon Chélin, the Toronto son-in-law of *Glacé Huit*, has nothing but praise for Lewis, but says, "I really do feel strange about [the casting] because there's so much fine acting in this country." Lantos, meanwhile, proudly points to the fact that the movie is set explicitly in Toronto. "I think it's great that we are taking a Hollywood star and getting her to play a French-Canadian," he says, mentioning a curious precedent—a 1941 British propaganda movie, *Foray into Hell*, featuring Laurence Olivier as a French-Canadian trapper who encounters a Nazi U-boat crew in Québec. But Lantos bristles when reminded of another precedent—his own casting of Gabrielle Lussan, a French-Canadian, as a WASP patron in 1985's *Joshua Tree* and *New*. In the end, he had an English-Canadian actress dub Lussan's lines.

Actors, of course, are always pretending to be someone they're not, from a Polish Meryl Streep to a blond Al Pacino. And the question is always the same: can they pull it off? ■



Music



Oh Susanna, don't you cry

There's nothing mortified about Susie Ungersieder. As her musical persona, Oh Susanna, she may be known for her bewitching ballads of murder and destruction, all steeped in learning, Appalachian-style vocals and plainspoken, not-so-glamorous. But the self-styled Canadian-based singer-songwriter is actually quite cheerful in person. The petite, soft-spoken musician smiled and giggled her way through most of a recent interview in Toronto. So when does this obsession with death come from? "It's really just a metaphorical device," explains the 31-year-old. "Many of my songs are about transformation. The characters in my songs, whether they're victims or criminals, all go through profound changes. I like that."

Ungersieder has herself gone through a transformation with her latest album, *Sleepy Little Sailer*. Its songs are considerably less violent and more personal than those on her two previous CDs. "I didn't want to be screaming and yelling so much on this record," says the musician, now on a cross-Canada tour. "I still want to be dramatic, but in a softer and subtler way. Besides, death loses its power if you overuse it."

With a stage name borrowed from the famous Stephen Foster song, Ungersieder made her debut in Vancouver's Railway Club in 1995. "We'd begin speaking about an artist whose voice revealed 'the evil of country blues,'" she cries pite. Then, she goes on to say she appears in the ghastly images of

The singer-songwriter has set aside the morbidity of her first two albums for more life-affirming lyrics

Americans composed upon Oh Susanna's self-titled first recording in 1996. Then came 1999's *Johnston*, which enjoyed Top 10 status on college radio. Although only one song—the sinister title track about a professor's murder—directly mentioned the 1889 flood in Johnston, B.C., death permeated the entire album. "With the kinder, gentler songs on *Sleepy Little Sailer*—including a stunning cover of Otis Redding's *I've Got Dreams to Remember* and Ungersieder's

Ungersieder: A near catastrophe 'the evil of country blues'

her own *River Blue*, which won her a *Geste Award* when the song was featured in the movie *The Posing Pro*—Oh Susanna now seems destined to expand her audience.

Born in Northampton, Mass., but raised in Vancouver, Ungersieder felt like a foreigner for much of her childhood—even though she moved to Canada with her academic father, film-director mother and older sister when she was one. "My parents had lived in California, right where *American Graffiti* was shot, and I'd always hear about that culture and how much they were like the characters in the movie," she says. Meanwhile, she would insist she was American (she still has U.S. citizenship), while her American father thought of her as Canadian. "I got to be the outsider whichever place I was in."

A toughie. A student, Ungersieder fell under the spell of blues and gospel in her early teens while attending the Vancouver Folk Festival. Then, in the midst of her liberal arts studies at Memorial University, she found her future as a "nerdy student librarian" was overruled when she began hosting a campus radio show. "I was taking a course with a very lively title, the 'Great Books of Western Civilization,' studying everything from Plato and Homer onward," Ungersieder recalls. "Then I got hooked on Hank Williams and Patsy Cline and started exploring more obscure, old-style folk, blues and country music. So I called my radio show the *Great Works of Country and Western Civilization*."

Less country and more soulful than its predecessor, *Sleepy Little Sailer* is also, as Ungersieder puts it, "more aware of consciousness than its forerunners, more inward and gentle." Ultimately, she says, it's a more "vulnerable" album—thanks to songs like *Hill and Kinzie Street*, with which she shared stage space at the Scappo Beach concert. Says Ungersieder: "A lot of what I discovered in my Oh Susanna persona, Veda and Kinzie taught me to be more open in expressing myself, for which I'm very grateful." Although death becomes her, so too does the more life-affirming songs on Oh Susanna's latest.

Nicholas Jennings

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Trial by drama, in and out of court

The prospect of yet another TV show about the personal and professional trials of lawyers may seem as exciting as an introductory course in torts. But CTV's wacky new series *The Associates*, premiering Jan. 16 at 9 p.m., features the premise by focusing on five newly married lawyers at the Toronto office of a top international firm. These twentysomething overachievers may bill clients \$150 an hour, but they're dogged by inexperience and insecurity. The result plays out like *L.A. Law* meets *Mean Streets*.

The five novices are complex and likable. Among them is Amy (Jennifer Raymond), the rosy-eyed daughter of a Fortune 500 company tycoon who is determined to prove herself. Then there's Ben (Dermot Mulroney), a Yale graduate whose utter lack of interpersonal skills



Legal shenanigans emerging

alienates him from peers and clients alike. Mitch (Gabriel Byrne), an upper-class British rogue and great-grandson of one of the firm's founders, suits considerably better to avoid being tanked. Robyn (Teresa Haden) is a gifted negotiator who has trouble fitting with another associate, Jonah (Shawn Douma), an intellectual from Montreal still reeling

from a failed relationship. The scrapping but believable characters and plots reflect the fact that the co-creators know their stuff: Guy Bell, 38, and Steve Blackman, 36, were lawyers in Edmonton when they met at a party in 1997 and decided to develop a series based on their experience. This batch of *Associates* deserves a favorable verdict from viewers.

Susan Ols

A fly in the frontier soup

Beards, ice-and-velvet obsession and pre-buzzed-up stapes. Sure, but is it funny? *Blackfly*, Global TV's new half-hour comedy series set in colonial Canada in the late 18th century, is produced by Hildebrand Suter Senior Films. The series, which premiered last week, follows the antics of Benny (Blackfly) throughout (comedian Ron Jarama)—the only white in the show who is not a clichéd idiot, muck or religious fanatic—and the other denizens of the early nation. For Simpson-Baron. As for the laughs in this head—very head—comedy, they come only when the script goes right over the edge, as when a French-Canadian priest allows for residents' noses his "wig list." Even having "your growth pounded to mush" to avoid being burned alive, it all builds to a hilarious and hilarious crescendo: "Is this too much to ask?" Not on *Blackfly* it isn't.

Brian Robison



James (right): profoundly ungrat



Arresting an inspire guide

All that jazz

Ken Burns' *The Civil War* (PBS) includes "the most American of all genres" in his latest documentary series. A 10-part, 17-hour history lesson, *Jazz*—starting on PBS on Jan. 8—charts the music's evolution from blues and ragtime through swing, bebop and fusion. Not surprisingly Louis Armstrong and Duke Ellington, inspirational genius and gifted composer respectively, emerge as the linchpins. Controversially the series is weighed as divisive of racial traditions.

But there is an edge story-teller who takes pains to be a journey, as he points to, "in an American landscape divided by race, segregated by race and united by swing and dance." And the same does swing. "Wandering classically contemporary from the likes of European Wynton Marsalis and great Gary Giddins with swirling orchestral floozies of such masterful giants as Benny Goodman, Billie Holiday and Miles Davis, *Jazz* succeeds in breathing new life into a music she once enjoyed a 70-per-cent share of the record market and now languishes around three per cent. A major revival could be right around the corner.

Chad Jennings

Green Canada

Gardening books have been speculating like weeds for the past few years, but Carol Martin's illustrated *History of Canadian Gardening* (McArthur & Co.) is the first volume dedicated to the development of gardening over time. Martin covers everything from 17th-century plant imports to the City Beautiful Movement attempts to bring green space to urban slums at the turn of the last century. She discusses the long-gestating expertise of native cultivators who grew or gathered hundreds of plants—from the famous Three Sisters (corn, squash and beans) of western Ontario to Saskatchewan's prairie cornucopia—until as food and medicine for themselves and early colonists. Martin also describes the hardy achievements of the 19th-century, Canada's first European farmers, who by 1826 had wheat fields and a flourishing orchard of Normandy apples outside Quebec City.

Best-Sellers

Fiction	LAST WEEK
1. THE CONSTANT GARDENER, John le Carré (D)	2
2. ONE LIFE UNDER, John le Carré (D)	4
3. THE BOMB MAKERS, Thomas H. Ince (D)	1
4. MURDER IN THE CLOSET, David Shields (D)	8
5. MURDER IN THE CLOSET, David Shields (D)	7
6. NO GREAT MISTERY, John le Carré (D)	10
7. LIVES IN THE, John le Carré (D)	2
8. THE LIFE OF THE, John le Carré (D)	2
9. THE LIFE OF THE, John le Carré (D)	2
10. THE LIFE OF THE, John le Carré (D)	2

Non-fiction	LAST WEEK
1. THE LIFE OF THE, John le Carré (D)	1
2. THE LIFE OF THE, John le Carré (D)	1
3. THE LIFE OF THE, John le Carré (D)	1
4. THE LIFE OF THE, John le Carré (D)	1
5. THE LIFE OF THE, John le Carré (D)	1
6. THE LIFE OF THE, John le Carré (D)	1
7. THE LIFE OF THE, John le Carré (D)	1
8. THE LIFE OF THE, John le Carré (D)	1
9. THE LIFE OF THE, John le Carré (D)	1
10. THE LIFE OF THE, John le Carré (D)	1

(*) Weeks in list
Compiled by Bruce Berman

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Allan Fotheringham

The bloom is off this rose

There are times, as all of us know, when we encounter an old friend. There's a little dash to the cheek, it's exciting, romantic—and then you notice the little things.

Not quite as witty as we remember, a few less hair and there, a small spread to the hips. It's the same with Whistler/Blackcomb, the most popular skiing/snowboarding town in North America according to all the west American ski magazines. It's been three years since that hacker skier returned to his old haunts, the last time highlighted by a brave attempt at hill-climbing and—quite possibly—should have given up then.

The bloom is off the rose. Too many people at Christmas, too much hassle. A snow, 30 minutes north of Vancouver in the resort-workshop, but has 9,600 permanent residents and runs to reach 45,000 lodges over the holiday has stretched itself too thin. While the hips are a little too loose.

When Peter Whistler and a few other Vancouver promoters who could see the brilliant potential opened the first of the two mountains in 1966, a lift was five bucks, revenue for the season was \$100,000 and after deducting operating expenses, the profit was \$35,000.

The snowed-out hacker, who left when the lift ticket was some \$55, now finds it a \$61 for a full-day of skiing. But wait! If you skip all 1230 for a half-day rate—the number of hours most all hackers can endure anyway—the fee drops to a mere \$46. Rep-off now.

The real sadness of Whistler, if you must know, is the Yellow Pages. Listed, for this village, are 10 snowing companies. All the ski-driven toll tales of the, ahem, "aggressive" towing types who prey upon the dumb Christmas tourists and attach vehicles from underground parking garages. And spend the rest of the year in Hellsin.

There were, there is Christmas. This hacker has sung its praises for years, a restaurant supreme atop a mountain. At more than 5,000 feet, close to the top of Blackcomb, there is a massive dining hall for the affluent crowd—with a wonderful selection of organic cleaning dish, hamburgers, fornicial alfredo. When have been, the lot.

At one end, with the best view in the world over a snow-capped mountain range below, is Christmas—where silk-cloth, crystal, silver, champagne, everything a European sophisticated would want for lunch. The Europeans have moved about it. This day two days before Christmas, the point is only

one-third full. A glass of wine taken ages for delivery. Gin and tonic? They say they have no time this day. Better? Sorry, no. Better? What happened to Christmas? Gave us quality got caught by a snow track.

There is so much wonderful about this wondrous spot. From the lifts that transported two million skiers last year to the heights of the twin mountains, one goes down in the five lakes in the valley below—Alpha, Beta, Gamma, Delta and Epsilon. There, off to the right, is the Niclaus North Golf Course. Slightly beyond, a nice casino with a magnificent pumping iron gym, pool for the knee-weary hackers, a separate pool for the toddlers, two separate hot-tub locations and a sauna.

Later in January will be the FIS freestyle world championships. On March 28, there will open the first Whistler International Film, TV and New Media Festival. Meanwhile, if you want your three-year-old to learn how to hack, that will be \$566 for six hours. I guess you have to be there.

There is the dining decision by the likes of the Canadian Olympic Association to endorse—who could believe it?—both Toronto's bid for the 2008 Summer Olympics and Whistler/Vancouver's bid for the 2010 Winter Olympics. What, did these people smile in their meetings? They've set out portions of the country competing against the other, rather like Joan Chastain, that great "tough love" drink.

We bump into Robin Phillips, the global most overrated celebrity. Better vision include Brad Pitt, John Cusack, guys named Glee, Travolta, Conner, Peter and Charles Windsor and kids. The babysitting charge of nine bucks in four reportedly ended into 25 unacknowledged New Year's Eve. The hacker has started. The new Kicking Horse Resort at Golden boasts that "This is not Whistler." Nancy Greene, selling her hotel here, is now flourishing in her San Paulo mountain outside Kaniago.

Iron-West, in Blackcomb slope now a gold mine, may be neglecting its home base by acquiring Mont Tremblant in Quebec and expanding furiously in vulnerable U.S. resorts. Whistler made its name by replicating Alpine resorts where no cars are allowed, just a quiet village square.

Which is why, at new year's arrival riot, 100 drinks were served. This is an improvement since, last year, there were only 69.

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